Rowlett
TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2021

CITY OF ROWLETT, TEXAS

Available on Rowlett.com

City of Rowlett, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended
September 30, 2021

Prepared by
Department of Financial Services

Rowlett
TEXAS

City of Rowlett, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021
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Introductory Section

Rowlett
TEXAS

Mayor ~ Tammy Dana-Bashian
Mayor Pro Tem ~ Matt Grubisich
Deputy Mayor Pro Tem ~
Brownie Sherill
City Council ~
Robert Blake Margolis
Whitney P. Laning
Pamela Bell
Martha Brown
City Manager ~ Brian Funderburk

City of Rowlett ~ www.rowlett.com
4000 Main Street Rowlett, TX 75088
Phone ~ 972.412.6100 Fax ~ 972.412.6118

A well-planned lakeside community of quality neighborhoods, distinctive amenities, diverse employment, and cultural charm. THE place to live, work and play.

February 4, 2022

To the Honorable Mayor, City Council, and Citizens of the City of Rowlett, Texas:

The Department of Financial Services and City Manager's Office are pleased to submit the Annual Comprehensive Financial Report of the City of Rowlett, Texas for the year ended September 30, 2021.

The purpose of the report is to provide the City Council, City staff, Rowlett citizens, bond holders, and other interested parties with detailed information reflecting the financial condition and activities of the City. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with City management. We assert that the data, as presented, is accurate in all material respects and is organized in a manner which fairly presents the financial position and results of operations of the City.

City management is responsible for developing a comprehensive framework of internal controls to provide reasonable, rather than absolute, assurance that the assets of the City are protected from loss, theft, or misuse, and for the reliability of financial records when preparing the financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of the control should not outweigh the benefits likely to be derived and that the evaluation of cost and benefit require estimates and judgements by management.

Weaver and Tidwell, L.L.P., an independent firm of certified public accountants, has issued an unmodified ("clean") opinion on the City of Rowlett's financial statements for the year ended September 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A and this letter are complimentary and should be read together.

Profile of the Government

The City of Rowlett is located 20 miles northeast of Dallas. Rowlett rests on two peninsulas reaching out into Lake Ray Hubbard with more than 30 miles of beautiful shoreline. It currently occupies 22 square miles and was the hometown choice to an estimated population of 67,339 for fiscal year 2021.

Rowlett voters approved a home rule charter in 1979 establishing a Council-Manager form of government, empowering the City Council to levy a property tax on both real and personal property located within its boundaries. Under the Council-Manager form of government the Mayor and the City Council establish policy and law, and the City Manager handles day-to-day management of the City organization.

As a representative system, all power is concentrated in the elected City Council. The Council then hires a professionally trained manager to oversee the delivery of public services. This system combines the strong political leadership of elected officials in the form of a council with the managerial experience of an appointed local government manager.

The City Council is elected at-large representing all residents within the City Limits. The Mayor and six Council members serve staggered three-year terms creating a three-year cycle. The mayor and three Council positions are filled in one cycle, three Council positions are selected in the second cycle, and there is no election in the third cycle.

The City Manager is appointed by the City Council and serves as the Chief Executive Officer of the city government. The City Manager is responsible for implementing the policy direction of the City Council in an efficient, effective, responsive, and responsible manner.

A full range of services is provided by the City. These services include general administration, police and fire protection, library services, recreational services, parks maintenance, community development, capital improvements and maintenance, and public utilities. Engineering oversees construction and major capital improvements, and public works provides maintenance of roadways and infrastructure, while public utilities provide water distribution, sewer collection, drainage, and sanitation services. Sewage treatment is provided by the City of Garland, and treated water is provided by the North Texas Municipal Water District (NTMWD). FCC provides sanitation collection services for residential and commercial customers.

The City Council is required to adopt an annual operating budget no later than the beginning of the fiscal year. The process begins with the staff of each department submitting their revised expenditure estimates for the current year and their projections for the upcoming year. These expenditures are evaluated and combined with the projected revenues to formulate the City Manager's budget. This proposed budget is presented to the governing body. Through subsequent budget meetings and public hearings, a final budget is developed and adopted by the City Council.

The budget is developed on a departmental level and adopted at the fund level. Department management generates monthly reports that detail expenditures and revenues on a departmental and line-item level. This report presents a comparison of budgeted and actual expenditures, providing for the management review of budgetary compliance. Expenditures may not exceed the fund level budget without City Council approval. The City Manager has the authority to make budgetary changes up to the fund level.

It is possible to amend the budget with City Council action to provide for any items that were unforeseen during the regular budget process. Most unexpended appropriations lapse at year-end; however, the City's financial policies specify that funds budgeted for capital purposes automatically carryover into the new year as well as operational purchases encumbered as of the last day of the fiscal year.

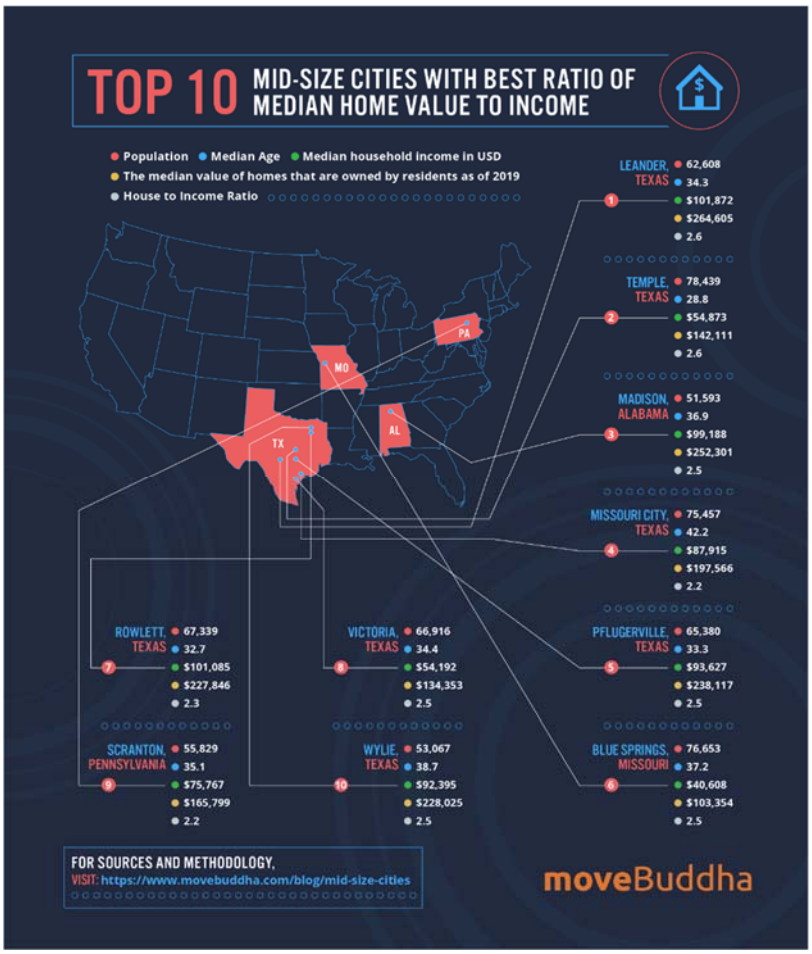
Rowlett takes its responsibilities to its citizens seriously and has received numerous accolades over the years. In 2021, Rowlett was recognized by moveBuddha.com as the #3 Best Mid-Sized City in Texas to Buy a Home. Past awards include:

- Top 25 Places to Live – Money Magazine
- #1 America's Best Small City to Move to – Movoto
- Top 50 Best Small Cities for Families – Nerd Wallet
- #3 Safest City in Texas (population over 50,000) – Value Penguin
- #9 Safest City in Texas, 25th percentile in U.S. (population over 50,000) - Safehome.org
- Playful City USA – KaBOOM!
- 4th City in Texas to receive all 5 Transparency Stars from the State of Texas Comptroller
- Certified Scenic City – Gold Level – ScenicTexas.org
- 8th Fastest-growing City in the Country – US Census Bureau

- Top 10 City to Retire – US News and World Report
- AARP Age-Friendly Community

Local Economy

In 2019, Rowlett was named the 8th fastest growing city in the country by the US Census Bureau. Even now amid pandemics and disasters, Rowlett excels, ranking 3rd in Texas for mid-sized cities with the best ratio of median home value to income.


TOP 10 MID-SIZE CITIES WITH BEST RATIO OF MEDIAN HOME VALUE TO INCOME
Population
Median Age
Median household income in USD
The median value of homes that are owned by residents as of 2019
House to Income Ratio
LEANDER, TEXAS 62,608 34.3 $101,872 $264,605 2.6
TEMPLE, TEXAS 78,439 28.8 $54,873 $142,111 2.6
MADISON, ALABAMA 51,593 36.9 $99,188 $252,301 2.5
MISSOURI CITY, TEXAS 75,457 42.2 $87,915 $197,566 2.2
PFLUGERVILLE, TEXAS 65,380 33.3 $93,627 $238,117 2.5
BLUE SPRINGS, MISSOURI 76,653 37.2 $40,608 $103,354 2.5
WYLIE, TEXAS 53,067 38.7 $92,395 $228,025 2.5
VICTORIA, TEXAS 66,916 34.4 $54,192 $134,353 2.5
ROWLETT, TEXAS 67,339 32.7 $101,085 $227,846 2.3
SCRANTON, PENNSYLVANIA 55,829 35.1 $75,767 $165,799 2.2
PA
MO
TX
AL
FOR SOURCES AND METHODOLOGY, VISIT: https://www.movebuddha.com/blog/mid-size-cities
moveBuddha

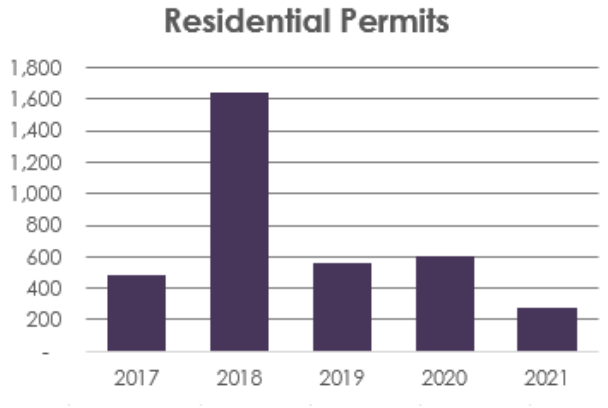
Pandemic!

Rowlett has weathered the impact of the pandemic better than many other cities who rely more upon tourism and retail. Still, the pandemic has had a financial impact on the City of Rowlett and the entire community.

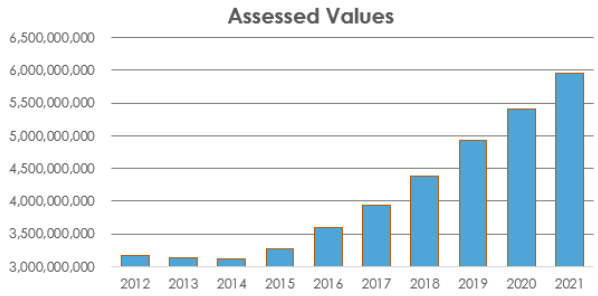
As we recovered from the pandemic environment in 2021, businesses began to boom again, and sales taxes were significantly higher than expected. With many new retail and restaurant projects on State Highway 66/Lakeview Parkway completed, Rowlett is growing by leaps and bounds. These include such popular options as Panera Bread, Sprouts Farmers Market, Chiloso Mexican Bistro, and Spec's Wine Spirits and Finer Foods, along with many more! For the first time in the City's history, we expect our population to increase to over 70,000 according to the North Central Texas Council of Governments (NCTCOG).

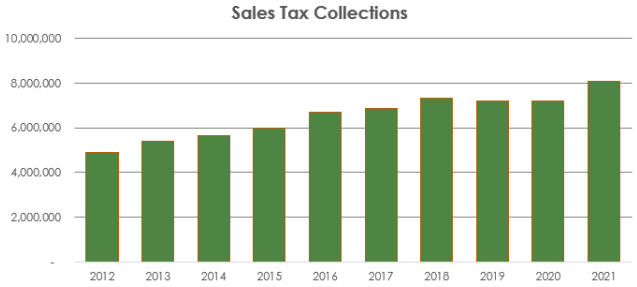
Despite the pandemic and its impact, economic development is ongoing within the City, continuing to make it an incredible time to live in Rowlett. Construction at Sapphire Bay progresses with the site work and utilities for this $1 billion dollar project. When complete, Sapphire Bay will provide recreational amenities such as a Surf and Beach Club and a lagoon amenity; public amenities such as a conference center; and world class facilities such as a resort operated by Hyatt's Destination Hotels brand, a marina, and retail/office space. New businesses in Sapphire Bay will provide the types of employment opportunities in retail and entertainment not yet experienced in Rowlett.

New construction added to the tax rolls decreased in FY2021 (for FY2022 collections) by $35.8 million or 21% when compared to FY2020 (for FY2021 collections). This is mostly due to several large development projects being added to the tax rolls in FY2020. Commercial permits held steady with a slight increase to 8 in FY2021 from 7 in FY2020. However, residential building permits in Rowlett decreased significantly from 606 in 2020 to 280 in 2021 primarily due to a substantial spike in multi-family housing permits in the prior year.



Rowlett has experienced significant increases in its property tax values over the past few years. The FY2021 taxable property values (2020 tax levy) increased 10.0% over FY2020. Based on the certified tax levy, the City will only experience an additional increase of 4.0% for FY2022 due to an unusual reduction in number of properties reassessed for the tax year. Because the Texas Tax Code requires appraisal districts to reappraise all property at least once every three years, a more substantial increase in values is anticipated over the next couple of years. Sales tax collections reflected positive economic growth as the City saw a 12.3% increase over previous year collections.





Rowlett's unemployment rates dropped to pre-pandemic levels from 6.7% to 4.1% in 2021. In comparison, the State of Texas reports an average of 4.9%, and the national average declined to 4.6%. Rowlett's median household income is $101,085 with 35.5% of its residents holding at least a bachelor's degree, compared to the national average of $62,843 and 32.1%, respectively.

Relevant Financial Policies

The City has established reserve policies for its operating funds as follows:

Fund Type	Reserve Balance Requirement
Governmental	
General Fund	25%
Golf Fund	One Year Debt Service
Proprietary	
Water and Sewer Fund	90 Days Net Operating Expenses
Drainage Fund	10%
Refuse Fund	5%

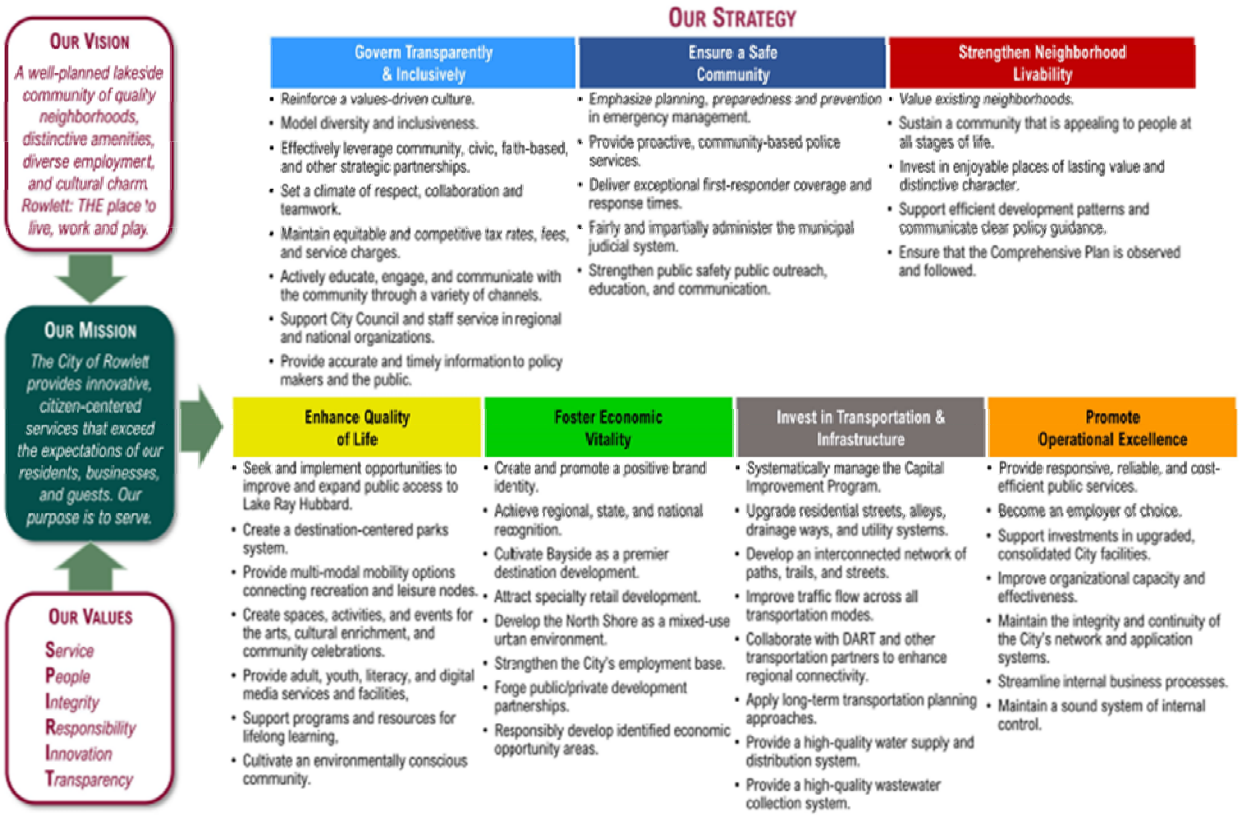
The City's ability to maintain adequate reserves is critical to allowing flexibility in budgeting and responsiveness to unforeseen short-term economic conditions. The City is proud to report that reserve balance levels have been met or exceeded in all funds as required.

Long-Term Financial Planning

Long-term planning, responsiveness to changing economic conditions, and community needs are key factors in maintaining Rowlett's fiscal health. Through the ongoing maintenance of The Strategic Plan, Priority Based Budgeting, a Five-Year Capital Improvement Plan and five-year financial models, the City can maximize opportunities, establish priorities, and develop funding sources to ensure organizational sustainability while minimizing the effects of growth on the tax rate. Additionally, the City conducts an annual water rate study which includes 10-year projections for the Utility Fund financial and infrastructure stability along with fair rates for customers.

The City adopted a new strategic plan in September 2018 that continues to serve as a guide for the City's annual initiatives and budget decisions, and City staff develops annual operational plans to guide the organization in the execution of the plan. This effort involves the preparation of specific objectives and initiatives necessary to accomplish the identified strategic goals consistent with the organization's mission and values and continue to make Rowlett the place to live, work, and play.

The seven strategic priorities (next page) are the foundation of Rowlett's strategic plan and program priorities are reviewed annually. The strategic plan is scheduled to be updated every five years, with the next update planned for FY2023.


Our Vision
A well-planned lakeside community of quality neighborhoods, distinctive amenities, diverse employment, and cultural charm. Rowlett: THE place to live, work and play.
Our Mission
The City of Rowlett provides innovative, citizen-centered services that exceed the expectations of our residents, businesses, and guests. Our purpose is to serve.
Our Values
Service
People
Integrity
Responsibility
Innovation
Transparency
Our Strategy
Govern Transparently & Inclusively
Reinforce a values-driven culture.
Model diversity and inclusiveness.
Effectively leverage community, civic, faith-based, and other strategic partnerships.
Set a climate of respect, collaboration and teamwork.
Maintain equitable and competitive tax rates, fees, and service charges.
Actively educate, engage, and communicate with the community through a variety of channels.
Support City Council and staff service in regional and national organizations.
Provide accurate and timely information to policy makers and the public.
Ensure a Safe Community
Emphasize planning, preparedness and prevention in emergency management.
Provide proactive, community-based police services.
Deliver exceptional first-responder coverage and response times.
Fairly and impartially administer the municipal judicial system.
Strengthen public safety public outreach, education, and communication.
Strengthen Neighborhood Livability
Value existing neighborhoods.
Sustain a community that is appealing to people at all stages of life.
Invest in enjoyable places of lasting value and distinctive character.
Support efficient development patterns and communicate clear policy guidance.
Ensure that the Comprehensive Plan is observed and followed.
Enhance Quality of Life
Seek and implement opportunities to improve and expand public access to Lake Ray Hubbard.
Create a destination-centered parks system.
Provide multi-modal mobility options connecting recreation and leisure nodes.
Create spaces, activities, and events for the arts, cultural enrichment, and community celebrations.
Provide adult, youth, literacy, and digital media services and facilities.
Support programs and resources for lifelong learning.
Cultivate an environmentally conscious community.
Foster Economic Vitality
Create and promote a positive brand identity.
Achieve regional, state, and national recognition.
Cultivate Bayside as a premier destination development.
Attract specialty retail development.
Develop the North Shore as a mixed-use urban environment.
Strengthen the City's employment base.
Forge public/private development partnerships.
Responsibly develop identified economic opportunity areas.
Invest in Transportation & Infrastructure
Systematically manage the Capital Improvement Program.
Upgrade residential streets, alleys, drainage ways, and utility systems.
Develop an interconnected network of paths, trails, and streets.
Improve traffic flow across all transportation modes.
Collaborate with DART and other transportation partners to enhance regional connectivity.
Apply long-term transportation planning approaches.
Provide a high-quality water supply and distribution system.
Provide a high-quality wastewater collection system.
Promote Operational Excellence
Provide responsive, reliable, and cost-efficient public services.
Become an employer of choice.
Support investments in upgraded, consolidated City facilities.
Improve organizational capacity and effectiveness.
Maintain the integrity and continuity of the City's network and application systems.
Streamline internal business processes.
Maintain a sound system of internal control.

The Strategic Plan was instrumental in the development of the FY2022 Adopted Budget, considering available resources and allocating revenues to the highest strategic priorities identified in the plan. The FY2022 Adopted Budget reflects the City's commitment to growth, as appropriations increased $2.9 million, or 2.2%, compared to the FY2021 Adopted Budget.

The primary factors of financial significance are outlined below:

- Increased personnel costs.
  - Pay plan and merit costs will increase, along with associated benefits and changes to overtime costs. The City-wide pay scale will increase to within 0.5% of the average of all surveyed cities' salaries. All non-public safety, open range employees will receive a 4% adjustment and be eligible for up to a 2.5% performance-based merit adjustment. The police pay plan will increase 4% and the fire pay plan will increase 3.3%. Additionally, police and fire employees will receive their annual step-pay plans increases.
  - Increased costs of the City's share of a grant funding nine Firefighter-Paramedics.
  - Addition of 14.5 new positions, along with department reorganizations to meet the needs of the City's extraordinary growth. Added positions include the following:

FY2022 Staffing Additions	FTEs
City Manager's Office: Digital Media Specialist Internal Auditor	2.0
Community Development: Water Quality & Grease Interceptor Inspector	1.0
Fire: Batalion Chief - Training Fire Inspector	2.0
Police: Police Officer (4) Detention Officer (full year funding) Detention Officer (6 months funding)	6.0
Public Works - Streets: Maintenance Specialist I (full time) Custodian (move part time to full time)	2.5
Revenue Office: Utility Billing Analyst	1.0
Total	**14.5**

- Allocations for major technology improvements.
- Allocations for major heavy equipment additions.
- Allocation for a comprehensive streets assessment.

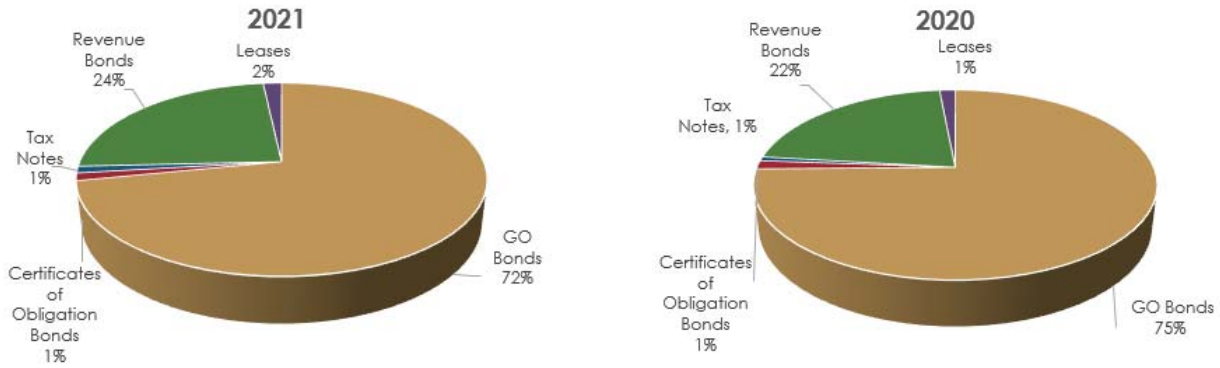
The Water and Sewer Enterprise Fund received good news for the FY2022 budget year. For the second year in a row North Texas Municipal Water District (NTMWD) did not increase water rates. Overall, the budgeted water supply expense will remain relatively the same in FY2022 with only a $32 thousand increase.

The Five-Year Capital Improvement Plan (CIP) totals $91.3 million and consists of a comprehensive list of carefully selected and coordinated capital improvement and maintenance projects for streets, water and wastewater infrastructure improvements, facilities, public safety, parks and recreation, and capital equipment. All investments are necessary to accomplish Rowlett's long-range goals and are balanced against realistic revenue projections as well as staff capacity. The CIP also addresses the recommendations of the Community Investment Advisory Board (CIAB), implementing the projects approved in the FY2021 bond election.

As a continuation of the three-year bonding strategy, the City plans to propose a 2024 General Obligation Bond Referendum to the citizens. As with other recent bond elections, the CIAB will gather information regarding community needs, citizen desires, and service expansion. The issuance of these bonds will provide a steady debt service tax rate. This is possible due to declining debt, increasing values, and new construction added to the tax rolls. At September 30, 2021, the City had various debt issues which include capital leases, outstanding totaling $148.4 million exclusive of premiums, discounts, or deferred losses.

Of this total, $107.4 million is supported by a combination of ad valorem taxes and governmental operations. Revenues from the enterprise funds support $41 million, including $5.2 million for the enterprise portions of general obligation refundings.

As of September 30, 2021, the breakdown of outstanding debt by type is as follows:



As of September 30, 2021, Rowlett's bond ratings are as follows:

	General Obligation & Certificates of Obligation	Revenue Bonds
Standard & Poor's	AA	AA-
Moody's Investor Service	Aa2	Aa3

Major Initiatives

For the Year: The Coronavirus pandemic caused the City to project a $0.6 million revenue shortfall in FY2021 when adopting the budget. However, the City's two largest revenue sources - property taxes and sales taxes - were not impacted as the City anticipated, ultimately resulting in an increase to fund balance for the fiscal year ending in 2021.

In May 2021, Rowlett voters approved a $21.785 million general obligation bond program that includes funding for paving and drainage improvements and public safety without increasing the tax rate. The election covered three propositions, including Proposition A in the amount of $19.499 million for paving and drainage, Proposition B in the amount of $7.365 million for park and trails improvements and a recreational facility, and Proposition C in the amount of $2.286 million for public safety improvements. Proposition A and C were approved by voters while Proposition B did not pass. To keep pace with the construction efforts, the City issued $10 million in FY2021 and will issue the remainder of the $21.785 million approved over the next 2 years. The City also issued $6.9 million in Waterworks and Sewer System Revenue Bonds for water and sewer improvements.

The City made substantial investments in major construction projects and acquisitions during FY2021, including $8.5 million in sewer improvements, $3.5 million in street improvements, $2 million in park improvements, $1.3 million for public safety and public works vehicles, $1.1 million for machinery and equipment for various city departments, $0.6 million in water improvements, and $0.3 million in drainage improvements. These amounts include contributions from developers in the amount of $1.8 million.

For the Future: On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (ARPA), a $1.9 trillion economic stimulus package designed to speed up the United States' recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession. The plan includes direct payments to individuals, businesses, and government.

The American Rescue Plan differs from the previous economic stimulus bill in that it allows federal relief funds to be sent directly to state and local governments of all sizes, but it still places some restrictions on how the money can be spent. The amount of money each town or city receives is dependent on the size of the community.

Of the total $61.5 billion set aside for local governments, $45.6 billion is being distributed to cities with 50,000+ community members, with the remaining $19.53 billion going to towns and cities with less than 50,000 constituents.

The City of Rowlett will receive $6.9 million in two tranches. The first tranche of $3.4 million was received in May 2021. The other half is expected next year.

On June 26, 2021, the City Council determined that the funds would be allocated as shown in the table below. One of the projects that the City will start on immediately is to add generators to the 13 sewer lift stations that were not included when originally built.

Project	Cost	Scope
Generators for Lift Stations	$1,741,334	Install generators at all lift stations originally built without one to improve the resiliency and reliability of the system
Waterline Looping	1,990,517	Install water pipe to eliminate dead end water lines and to improve drinking water quality and increase the resiliency and reliability of the system
Future Utility Projects	1,200,000	Set aside for future utility projects
Cisco Firewalls	75,000	Upgrade firewalls to increase protection to network and data
Fiber to emergency sirens	100,000	Run broadband connections to all emergency sirens to create better redundancy and failover
Fiber Discovery and Reconfiguration	350,000	Assess fiber optic network and reconfigure to improve failover
Fiber to Sapphire Bay	100,000	Run broadband connection to Fire and Police substation at Sapphire Bay
24 Network Switches	192,275	Replace aging network switches that connect all buildings to broadband
Increase Bandwidth for City's internet connection	51,600	Increase bandwidth from 500MB and 100MB to 1GB and 500GB (annual recurring cost)
Fiber to Community Park	150,000	Connect Community Park to broadband
Senior Accountant – Grant Administration	300,000	Covers personnel cost of Senior Accountant administering federal funds awarded for COVID19 assistance
Grant Administration	382,000	Covers cost of grant administration, excluding the Senior Accountant position

Project	Cost	Scope
Unallocated	219,135	These previously allocated projects have been removed: $100,000 Creation of a neighborhood empowerment program $6,480 Purchase 10 tablets with wi-fi hotspots attached at a cost of $168 each plus $20/month service charges $112,655 Savings from previous cost estimates for generators for lift stations and water looping
Total	**$6,851,861**	

The next bond election will occur in 2024 and will address projects identified by the CIAB. Additionally, the City will prepare for a $7 million revenue bond issue in FY2022.

Infrastructure work at Sapphire Bay is nearing completion and construction will begin on the first projects in 2022. When complete, Sapphire Bay will be a unique 117-acre mixed use surf-and-beach-based waterfront. The total build-out is anticipated to include 1.4 million square feet of commercial space and 1,600 residential units. Sapphire Bay is projected to add $1 billion in new taxable value, resulting in nearly $165 million in revenue from property, sales, and hotel occupancy taxes over the next 17 years. This will require additional investment in public safety that will be located at Sapphire Bay. A new fire station with a police substation component is expected to cost approximately $12 million or more, and the annual recurring costs could range from $2.1 million to $3.5 million depending upon whether we have a single- or dual-company house, not including police staff. We do not yet know the optimal setup to serve Sapphire Bay. Its character, sheer density, type and nature of buildings, amenities and entertainment venues are truly unique and will require unique responses. The funding is anticipated to be realized from the tax revenue generated from the site itself although the City will have to prefund some of the capital costs. The City will have several options to help with the initial cost burden, including federal grant funds such as Staffing for Adequate Fire & Emergency Response (SAFER). In addition to revenue from the site, Sapphire Bay will provide up to one acre for the Public Safety facility. Finally, although the addition of staff can be transitioned over a period of time as Sapphire Bay develops from phase one to its expected 8-10 year buildout, some costs will need to be addressed in the early years.

Rowlett's North Shore offers 1,000 acres of highly visible property with direct access to the President George Bush Turnpike (PGBT) in a regional center within the Dallas-Fort Worth Metroplex. The strategic location of North Shore is intended to accommodate the vertical integration of land uses and building types to facilitate and support an employment base. It is projected to add nearly $700 million in new taxable value, resulting in nearly $110 million in revenue from property, sales and hotel occupancy taxes over the next 20 years based on the economic forecasting completed as part of the City's 2019 Comprehensive Plan update.

Lakeview Business District is the first commercial project within North Shore Employment Center and is planned to be a 171-acre mixed-use development with over 1.8 million square feet on the east side of PGBT. This $119 million development is projected to add over 1,000 jobs and will result in $38 million in benefits to the City over a period of 20 years.

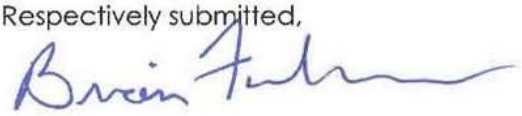
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rowlett for its Annual Comprehensive Financial Report for the fiscal year ended 2020. This is the seventeenth consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City believes its current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

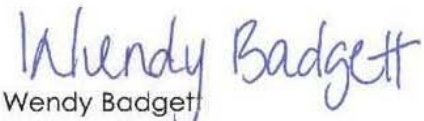
In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2020. To receive this award, a governmental unit must publish a budget document that meets program criteria of a policy document, an operations guide, a financial plan, and a communication device.

The preparation of this report would not have been possible without the dedicated service of the entire staff of the Financial Services Department. We wish to express our appreciation to all members of the department. We would also like to thank the Mayor and City Council members for their interest and trustworthy support, for maintaining the highest standards of professionalism in the management of the City of Rowlett and for conducting the financial operations in a responsible and progressive manner.

Respectively submitted,

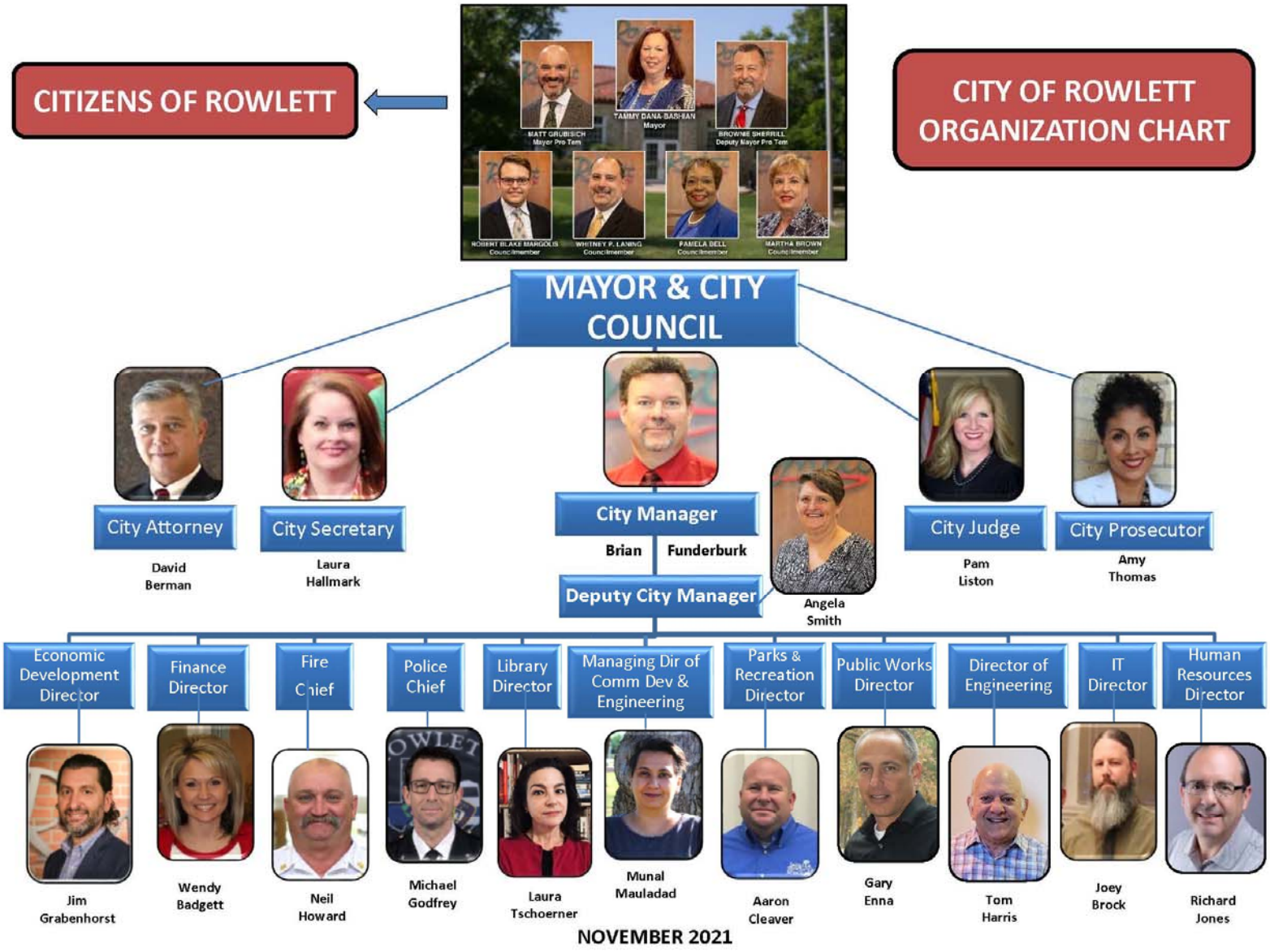


Brian Funderburk
City Manager



Wendy Badgett
Finance Director

ORGANIZATION CHART



City of Rowlett

List of Principal Officials

CITY COUNCIL

Tammy Dana-Bashian	Mayor
Matt Grubisich	Mayor Pro-tem
Brownie Sherill	Deputy Mayor Pro-tem
Robert Blake Margolis	Councilmember
Whitney P. Laning	Councilmember
Pamela Bell	Councilmember
Martha Brown	Councilmember

APPOINTED OFFICIALS

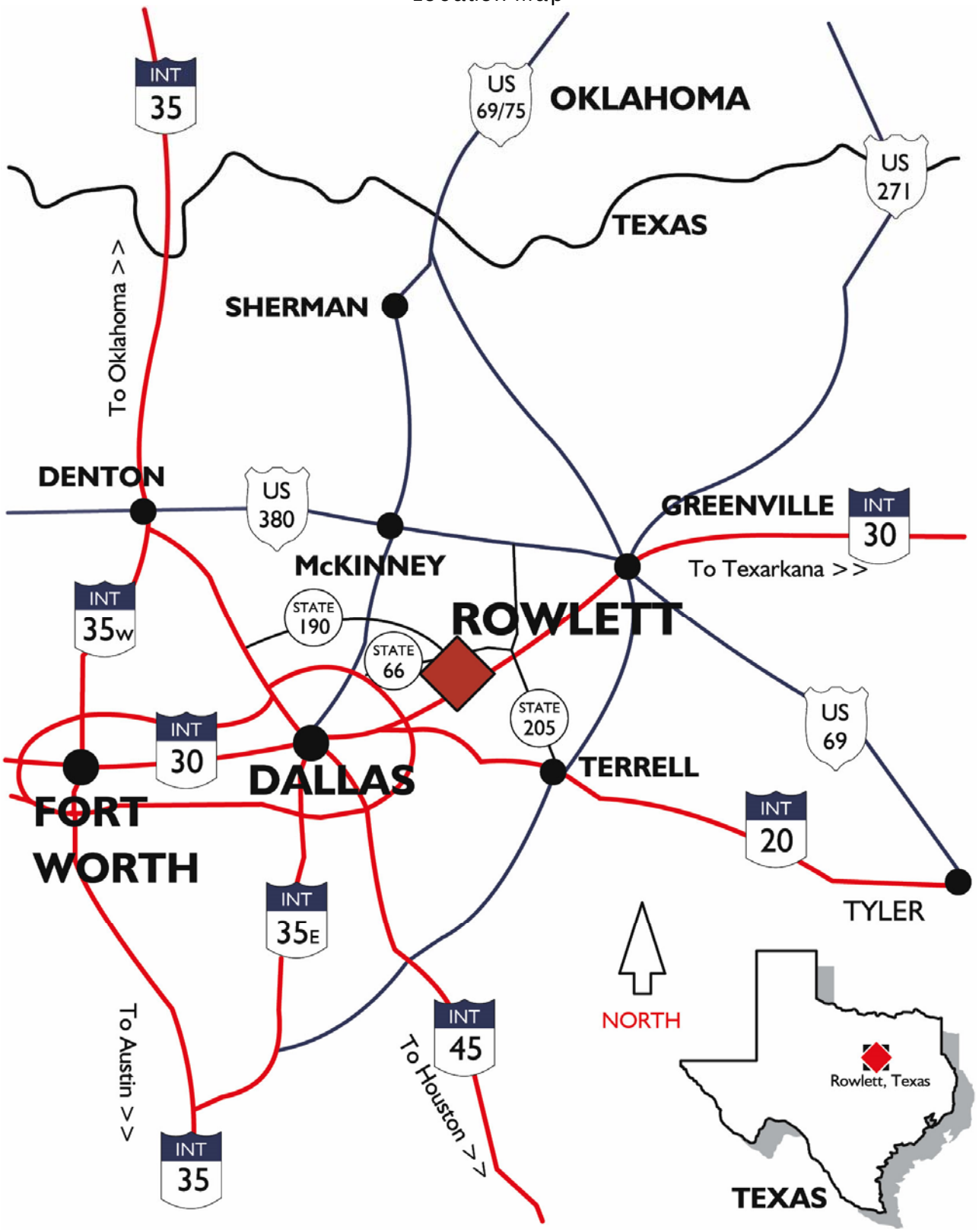
Brian Funderburk	City Manager
David Berman	City Attorney
Laura Hallmark	City Secretary
Pamela Liston	City Judge
Amy Thomas	City Prosecutor

MANAGEMENT TEAM

Angie Smith	Deputy City Manager
Jim Grabenhorst	Economic Development
Wendy Badgett	Financial Services
Neil Howard	Fire Rescue
Aaron Cleaver	Parks and Recreation
Munal Mauladad	Community Development and Engineering
Michael Godfrey	Police
Richard Jones	Human Resources
Gary Enna	Public Works
Laura Tschoerner	Library
Joey Brock	Information Technology
Tom Harris	Engineering

City of Rowlett

Location Map



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rowlett
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

Executive Director/CEO

Rowlett
TEXAS

Financial Section

Rowlett
TEXAS

weaver
Assurance • Tax • Advisory

Independent Auditor's Report

Honorable Mayor and Members of City Council
City of Rowlett, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rowlett, Texas (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2021, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Beginning net position in the custodial fiduciary fund has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Honorable Mayor and Members of City Council
City of Rowlett, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 4, 2022

Rowlett
TEXAS

Management's Discussion and Analysis

Rowlett
TEXAS

Management's Discussion and Analysis

Our discussion and analysis of the City of Rowlett's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements. All amounts are expressed in millions of dollars unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by $228 million (net position), as of September 30, 2021. Of this amount, $174 million (76%) is net investment in capital assets and $16 million (7%) is restricted for specific purposes. The remaining $38 million (17%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's net position of governmental activities increased by $7.5 million. Property tax revenues are higher over the prior year by $2.8 million because of higher assessed property values. Sales tax increased by $0.9 million over the prior year as well. Charges for services increased $0.4 million due to an increase in building permits and parks and recreation activity. Operating grants and contributions along with capital grants decreased over the prior year by $3.2 million and $13 million, respectively. Expenses increased by $3.3 million primarily due to an increase in capital maintenance projects that were delayed in 2020 due to the Coronavirus pandemic.
- As of September 30, 2021, the City's governmental funds reported combined ending fund balances of $89.8 million, an increase of $4.1 million when compared to the prior year. With expenditures exceeding revenues by $10.8 million, this increase was primarily due to $10.7 million in net bond proceeds and $2.1 million in capital lease proceeds. Within total fund balance, $62 million (68%) is restricted by specific legal requirements, $8.9 million (10%) is assigned to specific types of expenditures, and $0.2 million (1%) is non-spendable as it relates to prepaids and inventories. The remainder of the fund balance, $18.7 million (21%), is unassigned in the general and special revenue funds. The $17.8 million unassigned fund balance in the general fund is approximately 40% of total general fund expenditures.
- The City's outstanding debt increased $5.2 million and consisted of the issuance of $10 million in general obligation debt and $6.9 million in revenue bonds offset by existing debt retirements.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the City of Rowlett's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner resembling private-sector businesses.

The statement of net position presents information on the City's assets and deferred outflows along with its liabilities and deferred inflows with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Rowlett is improving or deteriorating. The statement of net position combines and consolidates governmental and business type funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. While helpful, other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e., roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. The current year's revenues and expenses are considered regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave).

In the statement of net position and the statement of activities, the City is divided into two types of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, fire, libraries, community development, recreation operations, public works, and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
- Business-type activities – The City charges fees to customers to fund all or most of the cost of certain services it provides. The City's water and sewer system, refuse system, and municipal drainage system are reported here.

The government-wide financial statements can be found on pages 23-25 of this report.

Fund Financial Statements – A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Rowlett maintains nineteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, and the disaster relief fund, all of which are major funds. Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental funds financial statements can be found on pages 26-29 of this report.

Proprietary funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, refuse services, and municipal drainage. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its self-insurance program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer, refuse, and drainage funds since they are all considered to be major funds of the City. The internal service fund is presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 30-34 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 35-36 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 39-72 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and health benefits to its employees and retirees.

The required supplementary information can be found on pages 75-82 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Other supplementary information and individual fund statements and schedules can be found on pages 84-89 of this report.

Government-Wide Financial Analysis

Over time, net position may serve as a useful indicator of a government's financial position. The City's combined net position was $228 million as of September 30, 2021.

CITY OF ROWLETT'S NET POSITION
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 102,616	$ 95,050	$ 53,054	$ 43,237	$ 155,670	$ 138,287
Capital assets	141,006	135,083	119,153	120,968	260,159	256,051
Total assets	243,622	230,133	172,207	164,205	415,829	394,338
Deferred outflows	4,235	4,190	1,642	1,703	5,877	5,893
Current liabilities	9,726	6,254	3,235	3,824	12,961	10,078
Noncurrent liabilities	131,754	128,842	44,624	41,418	176,378	170,260
Total liabilities	141,480	135,096	47,859	45,242	189,339	180,338
Deferred inflows	3,623	3,987	721	664	4,344	4,651
Net position:						
Net investment in capital assets	78,581	75,468	94,944	94,476	173,525	169,944
Restricted	11,973	11,457	4,533	4,143	16,506	15,600
Unrestricted	12,200	8,315	25,792	21,383	37,992	29,698
Total net position	$ 102,754	$ 95,240	$ 125,269	$ 120,002	$ 228,023	$ 215,242

By far, the largest portion of the City's net position (76%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens.

Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (17%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City can report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true in the prior fiscal year.

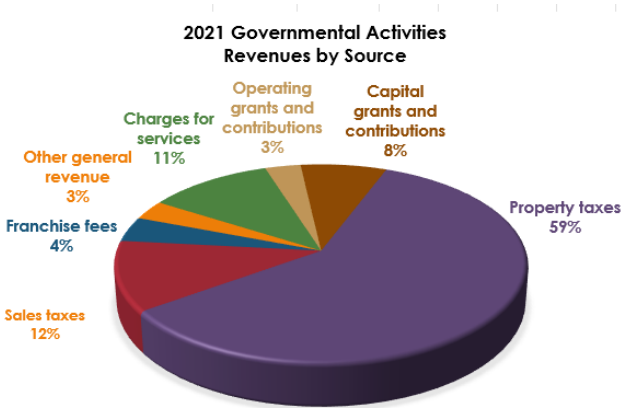
The City of Rowlett's overall net position increased by $12.8 million during the current fiscal year. Details are listed below and discussed on the following pages.

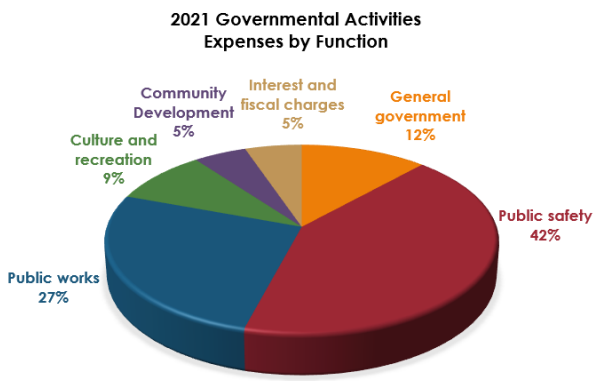
CITY OF ROWLETT'S CHANGES IN NET POSITION
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	$ 7,884	$ 7,488	$ 40,321	$ 40,644	$ 48,205	$ 48,132
Operating grants and contributions	2,245	5,432	-	-	2,245	5,432
Capital grants and contributions	5,410	17,910	3,763	18,329	9,173	36,239
General revenues						
Property taxes	41,952	39,125	-	-	41,952	39,125
Sales taxes	8,089	7,206	-	-	8,089	7,206
Other taxes	215	99	-	-	215	99
Franchise fees	2,867	3,019	-	-	2,867	3,019
Investment income	49	1,030	19	376	68	1,406
Gain on sale of assets	-	-	-	4	-	4
Other	1,965	1,294	14	32	1,979	1,326
Total revenues	70,676	82,603	44,117	59,385	114,793	141,988
Expenses						
General government	7,691	7,659	-	-	7,691	7,659
Public safety	27,444	27,750	-	-	27,444	27,750
Public works	17,095	13,601	-	-	17,095	13,601
Culture and recreation	5,943	5,981	-	-	5,943	5,981
Community development	3,222	3,230	-	-	3,222	3,230
Interest on long-term debt	3,442	3,312	-	-	3,442	3,312
Water and sewer	-	-	29,004	29,328	29,004	29,328
Refuse	-	-	6,582	6,469	6,582	6,469
Drainage	-	-	1,589	1,726	1,589	1,726
Total expenses	64,837	61,533	37,175	37,523	102,012	99,056
Increase in net position before transfers	5,839	21,070	6,942	21,862	12,781	42,932
Transfers	1,675	1,743	(1,675)	(1,743)	-	-
Increase in net position	7,514	22,813	5,267	20,119	12,781	42,932
Net position, beginning	95,240	72,427	120,002	99,883	215,242	172,310
Net position, ending	$ 102,754	$ 95,240	$ 125,269	$ 120,002	$ 228,023	$ 215,242

Governmental Activities

Governmental activities increased the City's net position by $7.5 million. Governmental activities net investment in capital assets increased $3.1 million, and restricted net position increased $0.5 million. Unrestricted net position increased by $3.9 million as a result of operations.





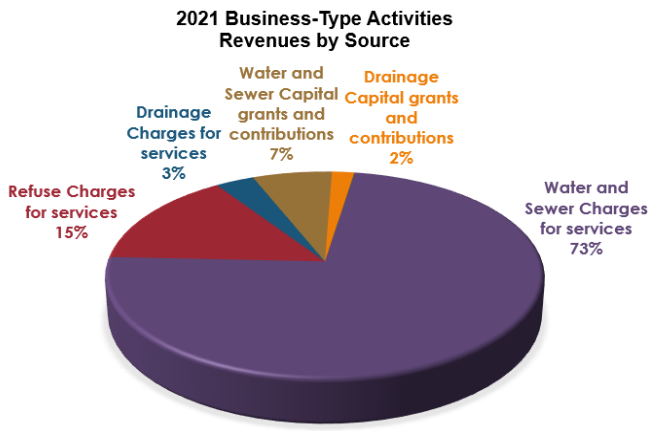
Total revenues for governmental activities, excluding transfers, were $70.7 million in fiscal year 2021, down $11.9 million from the previous year. The most significant revenue source is property tax revenue which represents $42 million or 59% of the total. The key elements of the revenue decrease are as follows:

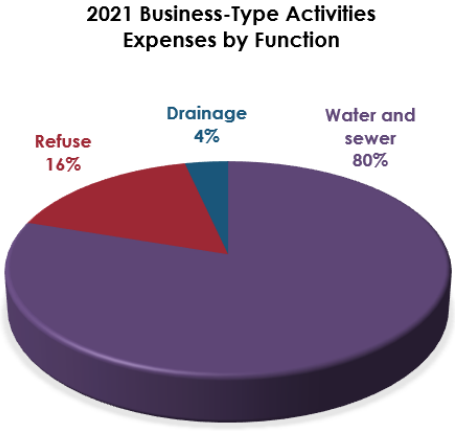
- In Program Revenues, capital grants and contributions decreased $13 million primarily due to developer contributions for construction related to TIRZ #2 North (Bayside), Magnolia Landing, Northhaven Phase 2 and various other projects that were received in fiscal year 2020. Operating grants and contributions decreased $3.2 million primarily due to federal funding provided in fiscal year 2020 for the response to the Coronavirus pandemic. Investment income decreased by $1 million due to an unfavorable market.
- In General Revenues, property taxes increased $2.8 million due to a 10% increase in certified taxable value over the prior year along with an increase in sales tax collections of $0.9 million.
- The decreases were also offset by an increase in charges for services in the amount of $0.4 million primarily due to various new addition permits. Miscellaneous revenue increased by $0.7 million due largely in part to payments from insurance received in response to the winter storms and a reimbursement received for expenses related to the Coronavirus pandemic.

Overall, governmental activities expenses were $64.8 million in fiscal year 2021, up $3.3 million primarily because of an increase in capital maintenance projects that were delayed in 2020 due to the Coronavirus pandemic. The most significant governmental expense for the City was providing public safety for the community, which equaled $27.4 million, or 42% of total expenses. Public safety expenses are partially offset by revenues collected from a variety of sources, with the largest being from court fines totaling $0.6 million.

Business-type Activities

Business-type activities increased the City's net position by $5.3 million. Business-type activities net investment in capital assets increased $0.5 million from FY2020. Restricted net position increased $0.4 million and unrestricted net position increased $4.4 million.


2021 Business-Type Activities
Revenues by Source
Water and Sewer Capital grants and contributions 7%
Drainage Capital grants and contributions 2%
Drainage Charges for services 3%
Refuse Charges for services 15%
Water and Sewer Charges for services 73%



Revenues of the City's business-type activities were $44.1 million for the fiscal year ending September 30, 2021, down $15.3 million from the prior year. Total operating expenses for the City's business-type activities were $37.2 million, down $0.4 million when compared to the prior year. The breakdown of these fluctuations are as follows:

- The City's water and sewer system accounts for 80% of the business-type program revenues and 78% of the business-type expenses. The water and sewer activity operated with charges for services exceeding expenses by $3.3 million. Charges for services revenues decreased over the prior year by $0.5 million because of a 3.6% decrease in customer water usage mostly due to heavy rainfall in two typically dry and hot months. At $13.9 million, or 47.8% of total expenses, water supply and wastewater treatment costs are the most significant expense of this fund. The fund also received $1.3 million in developer contributions and $1.2 million in impact fees.
- The City's refuse activity operated with charges for services exceeding expenses by $18 thousand, consistent with prior year activity.
- The City's drainage activity operated with expenses exceeding charges for services by $0.2 million, consistent with the prior year. At 73.9% of total expenses, the largest cost to the drainage activity is depreciation, at $1.2 million for the current year.

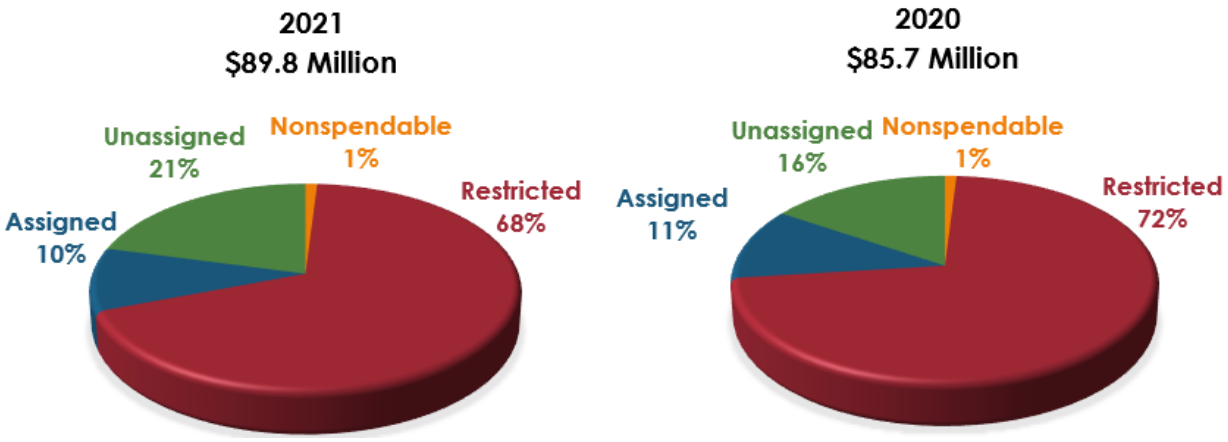
Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds: The focus of the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending in the next fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $89.8 million. Within this total, $0.2 million is non-spendable for prepaid and inventories, $62 million is restricted by specific legal requirements, such as debt covenants, capital projects and specific purposes, and $8.9 million has been assigned to specific types of expenditures.

The remainder of the fund balance, $18.7 million or 21%, constitutes unassigned fund balance of $17.8 million in the general fund and $1.4 million in the disaster relief fund that can be used for any lawful purpose, and a deficit fund balance of $0.5 million in the grant fund. The fund balance for all governmental funds increased $4.1 million primarily due to the issuance of capital project bonds during the year.



The general fund is the chief operating fund of the City. The net change in fund balance for the general fund was an increase of $5.4 million for the current year. Key factors in this increase are as follows:

- Revenues increased $2.4 million primarily due to increased property taxes based on higher certified taxable values and an increase in sales tax of $0.9 million.
- Other financing increased by $2 million mainly attributable to proceeds received for a capital lease financing two fire trucks that will be spent in FY2022 along with an increase in transfers in from other funds due to a mid-year budget amendment in fiscal year 2021.
- Expenditures increased by $3.1 million. Current operating expenses increased $1.9 million, primarily due to salary increases and the addition of 2.5 employees in February of 2021 along with costs associated with equipment not covered by a grant awarded for nine firefighters. Capital outlay increased $1.5 million mostly due to the purchase of two ambulances and bunker gear with funds from capital lease proceeds received in fiscal year 2020 and was offset slightly by a decrease of $0.3 million in debt service payments.

The debt service fund has a total fund balance of $1.7 million, most of which is legally restricted for the payment of debt service and a non-spendable amount of $13 thousand for prepaid items. The fund balance increased over the prior year by $0.4 million due to an increase in property tax values.

The capital projects fund has a total fund balance of $55.9 million, most of which is restricted or assigned for the acquisition or construction of capital facilities and assets and a non-spendable amount of $50 thousand that represents inventories. The capital projects fund expended $15.8 million in fiscal year 2021 an increase of $3.1 million over the prior year primarily due to capital maintenance projects that were delayed in fiscal year 2020 due to the Coronavirus pandemic.

The disaster relief fund has a total fund balance of $1.4 million, all of which is unrestricted. The fund balance decreased over the prior year by $0.7 million due to operating transfers out to the general fund. This fund holds the City's receipt of the American Rescue Plan Act (ARPA) funding, which will be spent on allowable projects in fiscal year 2022 and later, as well as remaining unrestricted funds received from other disasters.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- Net position of the City's water and sewer fund is $97 million, of which $70.2 million is net investment in capital assets, $4.5 million is restricted for debt service, and $22.3 million is unrestricted. The fund's net position increased $4.7 million in the current year. As noted earlier in the discussion of business-type activities, charges for services revenues decreased over the prior year by $0.5 million due to a 3.6% decrease in customer water usage mostly due to heavy rainfall in two typically dry and hot months. Additionally, capital contributions related to the Bayside PID South (Sapphire Bay) Improvement Area and Bayside Townhomes totaling $1.3 million were recorded and $1.2 million in impact fees were recorded. The water and sewer system expenses decreased $0.5 million primarily due to lower personnel costs of $0.3 million mostly attributable to vacancies and a $0.2 million reduction in intergovernmental charges due to decreased general and administrative transfers to other funds for fiscal year 2021.
- Net position of the City's refuse fund is $0.6 million, most of which is unrestricted. Only $2 thousand is from net investment in capital assets. Change in net position for the refuse fund was an increase of $22 thousand.
- Net position of the City's drainage fund is $27.6 million, of which $24.7 million is net investment in capital assets and $2.9 million is unrestricted. Net position for the drainage fund increased $0.6 million because of increased capital contributions related to Bayside PID South (Sapphire Bay) Improvement Area and Bayside Townhomes.

General Fund Budgetary Highlights

Original budget compared to final budget: The adopted general fund budget was amended by Council in FY2021. Pandemic social distancing mandates and an exorbitant number of homeowner valuation protests resulting from regional rising values led to an unusual impact on the timing of certified ad valorem taxable values for the FY2021 Adopted Budget. At the time of the FY2021 budget adoption in September 2020, appraisal districts were unable by law to certify $388 million in FY2021 ad valorem taxable value due to property owner protests not yet settled by the county appraisal review boards. Given this variable, Council made the decision to fund priorities in the FY2021 budget with the information available at that time and then revisit the opportunities and options provided by the closure of the issue after the first quarter of the 2021 fiscal year. In February 2021, Council passed a FY2021 budget amendment recognizing revenue and appropriating funds for an additional $362 million in taxable assessed value settled by the appraisal districts, while preserving a 25% general fund balance reserve. As a result, property tax revenues were amended for a $1.4 million increase. Additionally, transfers in from the employee health benefits fund and the disaster relief fund were increased by $0.9 million due to surplus fund balances. The expenditures were amended by $1.4 million for salary increases, additional personnel, facility repairs, equipment not covered by a grant related to nine new firefighters, and other various equipment.

Final budget compared to actual results: For fiscal year 2021, actual revenues were $47 million compared to the final budget of $45 million, primarily due to higher-than-expected sales tax and building permit revenue from increased permit rates. Actual expenditures were $44.3 million compared to the final budget amount of $46.7 million. This decrease resulted from approximately $1 million in personnel vacancies as well as various savings in supplies, maintenance, repairs and purchased services. Fund balance at year end was $22 million, $6.6 million more than budgeted because of these variances.

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to $260.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, park facilities, machinery, equipment, vehicles, roads, bridges, water and sewer lines, and construction in progress. This amount represents a 1.6% increase totaling $4.1 million in capital assets, net of accumulated depreciation, for the current fiscal year.

Capital Assets at Year-End
(Net of Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Land	$ 29,696	$ 29,672	$ 1,045	$ 1,045	$ 30,741	$ 30,717
Buildings and improvements	21,190	22,994	3,420	3,687	24,610	26,681
Machinery and equipment	5,064	4,360	1,103	1,525	6,167	5,885
Infrastructure	58,816	60,377	103,513	100,725	162,329	161,102
Construction in progress	26,240	17,680	10,072	13,986	36,312	31,666
Total	$ 141,006	$ 135,083	$ 119,153	$ 120,968	$ 260,159	$ 256,051

This year's completed major construction projects and capital acquisitions included:

Bayside Lift Station - Downstream Force Main	$ 5,684,524
Highland Meadows Phase 2	2,213,730
Motor Vehicles	1,302,280
Rowlett Rd. Lift - Force Main	1,184,872
Machinery and Equipment	1,085,296
Gravity Sewer - Miller Rd Near PGBT	1,059,141
Bayside Townhomes Developer Donation - Paving	898,334
Wet Zone Improvements	696,335
Community Park Improvements	642,680
Springfield Park Improvements	411,515
Main St. Reconstruction Roundabout PGBT	407,690
Bayside Townhomes Developer Donation - Water	398,008
Highland Meadows SS Improvements Phase 2	347,000
Bayside Townhomes Developer Donation - Drainage	289,701
Katy Railroad Park Phase II	252,604
Highland Meadows WA Improvements Phase 2	223,799
Bayside Townhomes Developer Donation Wastewater	216,104
	$ 17,313,613

For more information related to capital assets, see Note 6 to the basic financial statements.

Long-Term Debt: At year-end, the City had $145.8 million in general obligation bonds, certificates of obligation, tax notes and revenue bonds outstanding as compared to $140.6 million at the end of the prior fiscal year, an increase of $5.2 million.

Outstanding Debt at Year End
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
General obligation bonds (backed by the City)	$ 102,844	$ 99,922	$ 5,221	$ 6,723	$ 108,065	$ 106,645
Certificates of obligation and tax notes (backed by the City)	2,060	3,045	-	-	2,060	3,045
Revenue bonds (backed by fee revenues)	-	-	35,665	30,880	35,665	30,880
Total	$ 104,904	$ 102,967	$ 40,886	$ 37,603	$ 145,790	$ 140,570

During the current fiscal year, the City issued $10 million in new general obligation bonds. The City also issued $6.9 million in waterworks and sewer system revenue bonds.

The City's general obligation bonds, certificates of obligation and tax notes carry Aa2 and AA ratings by Moody's Investor Service and Standard and Poor's, respectively. The City's water and sewer revenue bonds carry Aa3 and AA- by Moody's Investor Service and Standard and Poor's, respectively.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation debt. In May 2003, the citizens of Rowlett amended the Charter to limit the amount of taxes that may be levied to $1.25 per $100 of assessed valuation.

More detailed information about the City's long-term liabilities is presented in Note 9 to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials consider many factors when setting each year's budget. The most notable were the priorities identified in The Strategic Plan combined with strategic goals set by Council in June 2021 that formed the basis of a two-year action plan. With the combination of improved tax values, new growth, and additional tax dollars, the fiscal year 2022 adopted budget includes funding priorities for all seven strategic priorities:

- Govern transparently and inclusively
- Ensure a safe community
- Strengthen neighborhood livability
- Enhance quality of life
- Foster economic vitality
- Invest in transportation and infrastructure
- Promote operational excellence

Supporting these priorities will assist in addressing the explosive growth that is expected.

Revenue Projection Highlights:

The total FY2022 combined budget current revenue projections total $145.6 million.

- Property tax revenue is projected to reach $43 million, compared to FY2020's actual amount of $41.9 million. The overall property tax rate is unchanged from FY2021, set at $0.745000 per one hundred dollars of taxable valuation, with $0.538539 allocated to operations and maintenance and $0.206461 allocated to debt service. Certified property valuations increased by $238.7 million or 4.0% for FY2022.
- Sales tax revenue is projected to reach $7.7 million, slightly lower than FY2021's actual amount of $8.1 million. This decrease is anticipated because actual sales tax received in fiscal year 2021 was out of line with historical trends, caused by increased sales for repairs resulting from the February winter storm.
- General fund licenses and permits are projected at $1.3 million, compared to FY2021's actual amount of $1.6 million. This decrease is anticipated due to the volatility of development timing.
- Enterprise fund charges for services are projected at $41 million, compared to FY2021's actual amount of $40.3 million. This represents a $0.7 million increase in water and sewer and a $26 thousand decrease in refuse revenues. These changes are due to a projected increase of 2.7% or 683 customers offset slightly by a decrease in sewer revenues due to a rate reduction for residential customers. The FY2022 projected revenues reflect the results of the City's water and sewer rate study, which includes adjustments to the volume rate, as detailed below:

Residential Water & Sewer Customers Only	Adopted FY2021	Adopted FY2022
Beginning Base Rate	$44.81	$44.81
New Base Rate	$44.81	$43.67
Volume Rate - 0-3,000 gallons	$9.17	$8.89
Volume Rate - 3,000-15,000 gallons	$11.38	$11.10
Total Monthly Fee @ 7,500 gallons per month	$123.53	$120.29
Dollar change	($3.18)	($3.24)
Percent change	-2.5%	-2.6%

Appropriation Budget Highlights:

The total FY2022 combined budget appropriations total $148 million.

- Expenses in the general fund are projected to be $52.5 million in FY2022. This is a projected increase of $4.3 million, or 8.9%, when compared to the FY2021 budget of $48.2 million. The increase is driven primarily by personnel costs, resulting from merit increases for open range employees and the continuation of step-pay plan increases for fire and police personnel. It also includes the addition of 14.5 new positions for FY2022.

  Overall changes are summarized below.

General Fund Expenses	Adopted FY2021	Adopted FY2022	$ Change	% Change
Personnel	$33,883,434	$36,944,471	$3,061,037	9.0%
Supplies	2,119,991	2,293,774	173,783	8.2%
Purchase Services	8,783,505	9,274,645	491,140	5.6%
Capital Outlay	221,990	445,501	223,511	100.7%
Transfers Out	3,185,412	3,544,958	359,546	11.3%
Total Expenses	**$48,194,332**	**$52,503,349**	**$4,309,017**	**8.9%**

- The FY2022 water and sewer fund budget totals $31.4 million, representing a decrease of $54 thousand or 0.2% from the FY2021 budget of $31.5 million. This decrease is mostly attributable to the cost for water delivery from North Texas Municipal Water District (NTMWD) remaining unchanged and a reduction in cost of wastewater treatment by the City of Garland due to the installation of new check meters.

  Overall changes are summarized below:

Utility Fund Expenses	Adopted FY2021	Adopted FY2022	$ Change	% Change
Personnel Costs	$3,178,046	$3,325,180	$147,134	4.6%
Water/Sewer Contract Services	14,716,558	14,097,570	(618,988)	-4.2%
Other Purchased Services and Supplies	1,903,567	2,404,876	501,309	26.3%
Debt Service	4,833,950	5,168,980	335,030	6.9%
Capital Outlay	-	-	-	-
Transfers Out	6,849,510	6,431,019	(418,491)	-6.1%
Total Expenses	**$31,481,631**	**$31,427,625**	**($54,006)**	**-0.2%**

- In the self insurance fund, FY2022 expenses are budgeted for a decrease of 3.1% due to an overall reduction in benefit payments, which is slightly offset by an increase in individual stop loss. Accordingly, the revenue budget was decreased 0.6%, to $6.6 million. Currently, the City contributes approximately 84.2% to the revenues of this fund, and employees/retirees contribute approximately 15.8%.

Contacting The City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Department of Financial Services at City of Rowlett, 4004 Main Street, Rowlett, TX 75088 or check our website at www.Rowlett.com.

Rowlett
TEXAS

Basic Financial Statements

Rowlett
TEXAS

City of Rowlett, Texas
Statement of Net Position
September 30, 2021

	Governmental Activities	Business-type Activities	Total	Component Unit As of December 31, 2020
ASSETS				
Cash, cash equivalents and investments	$ 97,029,364	$ 45,306,734	$ 142,336,098	$ 930,580
Receivables (net of allowance for doubtful accounts)	3,809,046	6,170,332	9,979,378	3,125
Due from other governments	1,474,821	372,224	1,847,045	-
Notes receivable	-	9,919	9,919	27,252
Inventories	110,813	1,164,785	1,275,598	-
Prepaid and other items	191,872	29,984	221,856	48,962
Capital assets:				
Nondepreciable	55,935,255	11,116,686	67,051,941	2,312,612
Depreciable (net)	85,070,673	108,036,090	193,106,763	26,616,570
Total assets	243,621,844	172,206,754	415,828,598	29,939,101
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	843,925	961,381	1,805,306	-
Deferred outflow of resources - TMRS	3,036,835	655,808	3,692,643	-
Deferred outflow of resources - OPEB	354,684	24,944	379,628	-
Total deferred outflows of resources	4,235,444	1,642,133	5,877,577	-
LIABILITIES				
Accounts payable and accrued liabilities	5,064,044	2,231,870	7,295,914	188,255
Accrued interest payable	520,471	137,791	658,262	-
Retainage payable	669,277	10,940	680,217	-
Customer deposits	-	853,970	853,970	44,930
Unearned revenues	3,471,799	-	3,471,799	2,311,433
Noncurrent liabilities:				
Due within one year	8,859,704	3,934,051	12,793,755	491,499
Due in more than one year	122,894,361	40,690,066	163,584,427	26,447,565
Total liabilities	141,479,656	47,858,688	189,338,344	29,483,682
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow of resources - TMRS	3,051,375	678,747	3,730,122	-
Deferred inflow of resources - OPEB	572,214	42,214	614,428	-
Total deferred inflows of resources	3,623,589	720,961	4,344,550	-
NET POSITION				
Net investment in capital assets	78,581,151	94,944,109	173,525,260	(229,055)
Restricted for:				
Debt service	1,364,894	4,532,998	5,897,892	-
Capital projects	8,400,807	-	8,400,807	-
Public safety	1,442,148	-	1,442,148	-
Economic development	91,223	-	91,223	-
Public broadcasting	673,730	-	673,730	-
Unrestricted	12,200,090	25,792,131	37,992,221	684,474
Total net position	$ 102,754,043	$ 125,269,238	$ 228,023,281	$ 455,419

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	$ 7,691,022	$ 87,167	$ -	$ -
Public safety	27,444,563	2,912,906	2,245,059	-
Public works	17,094,758	2,025,673	-	3,203,466
Culture and recreation	5,943,141	656,584	-	-
Community development	3,221,536	2,201,792	-	2,206,900
Interest and fiscal charges	3,442,109	-	-	-
Total governmental activities	64,837,129	7,884,122	2,245,059	5,410,366
Business-type activities:				
Water and sewer	29,004,365	32,283,237	-	2,937,339
Refuse	6,582,191	6,600,670	-	-
Drainage	1,589,063	1,437,417	-	825,450
Total business-type activities	37,175,619	40,321,324	-	3,762,789
Total primary government	$ 102,012,748	$ 48,205,446	$ 2,245,059	$ 9,173,155
Component unit				
Rowlett Housing Finance Corp.	$ 2,724,836	$ 1,580,869	$ -	$ 902,396
	$ 2,724,836	$ 1,580,869	$ -	$ 902,396
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Other				
Franchise fees				
Investment earnings				
Gain (loss) on sale of assets				
Miscellaneous				
Transfers (net)				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

The Notes to the Financial Statements are an integral part of this statement.

Net Revenues (Expenses) and Changes in Net Position			
Primary Government			Component
Governmental Activities	Business-type Activities	Total	Unit as of 12/31/20
$ (7,603,855)	$ -	$ (7,603,855)	$ -
(22,286,598)	-	(22,286,598)	-
(11,865,619)	-	(11,865,619)	-
(5,286,557)	-	(5,286,557)	-
1,187,156	-	1,187,156	-
(3,442,109)	-	(3,442,109)	-
(49,297,582)	-	(49,297,582)	-
-	6,216,211	6,216,211	-
-	18,479	18,479	-
-	673,804	673,804	-
-	6,908,494	6,908,494	-
$ (49,297,582)	$ 6,908,494	$ (42,389,088)	$ -
			$ (241,571)
41,951,898	-	41,951,898	-
8,089,146	-	8,089,146	-
215,083	-	215,083	-
2,867,108	-	2,867,108	-
49,269	18,762	68,031	3,803
-	-	-	-
1,964,017	15,336	1,979,353	-
1,675,190	(1,675,190)	-	-
56,811,711	(1,641,092)	55,170,619	3,803
7,514,129	5,267,402	12,781,531	(237,768)
95,239,914	120,001,836	215,241,750	693,187
$ 102,754,043	$ 125,269,238	$ 228,023,281	$ 455,419

City of Rowlett, Texas
Balance Sheet
Governmental Funds
September 30, 2021

	Governmental Fund Types					
	General	Debt Service	Capital Projects	Disaster Relief Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash, cash equivalents and investments	$ 22,703,961	$ 1,715,200	$ 57,293,127	$ 4,077,426	$ 9,325,664	$ 95,115,378
Receivables (net of allowance for uncollectibles):						
Taxes	1,828,784	169,659	-	-	33,833	2,032,276
Accounts	567,026	-	120,854	-	-	687,880
Accrued interest	6,171	506	19,740	-	2,769	29,186
Other	1,020,760	-	-	-	38,612	1,059,372
Due from other governments	-	-	-	909,875	564,946	1,474,821
Due from other funds	441,953	-	-	-	-	441,953
Inventories	61,242	-	49,571	-	-	110,813
Prepaid and other items	71,291	12,839	-	-	15,744	99,874
Total assets	$ 26,701,188	$ 1,898,204	$ 57,483,292	$ 4,987,301	$ 9,981,568	$ 101,051,553
LIABILITIES						
Accounts payable	$ 1,345,678	$ -	$ 951,667	$ -	$ 64,837	$ 2,362,182
Retainage payable	-	-	669,277	-	-	669,277
Accrued liabilities	2,187,435	-	3,804	1,812	97,379	2,290,430
Unearned revenue	12,667	-	-	3,425,513	33,619	3,471,799
Due to other funds	-	-	-	-	441,953	441,953
Total liabilities	3,545,780	-	1,624,748	3,427,325	637,788	9,235,641
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	397,396	169,659	-	-	2,261	569,316
Unavailable revenue - ambulance fees	345,054	-	-	-	-	345,054
Unavailable revenue - mowing liens	208,662	-	-	-	-	208,662
Unavailable revenue - franchise fees	195,814	-	-	-	-	195,814
Unavailable revenue - grants	-	-	-	166,486	452,433	618,919
Unavailable revenue - other	15,517	-	-	-	673	16,190
Total deferred inflows of resources	1,162,443	169,659	-	166,486	455,367	1,953,955
FUND BALANCES						
Fund balances:						
Nonspendable:						
Inventories	61,242	-	49,571	-	-	110,813
Prepaid items	71,291	12,839	-	-	15,744	99,874
Restricted for:						
Debt service	-	1,715,706	-	-	-	1,715,706
Capital projects	2,134,295	-	48,878,086	-	7,750,666	58,763,047
Public safety	-	-	-	-	822,556	822,556
Community development	-	-	-	-	91,223	91,223
Public broadcasting	-	-	-	-	673,730	673,730
Assigned for:						
Economic development	1,919,990	-	-	-	-	1,919,990
Capital acquisition	2,093	-	6,930,887	-	-	6,932,980
Unassigned	17,804,054	-	-	1,393,490	(465,506)	18,732,038
Total fund balances	21,992,965	1,728,545	55,858,544	1,393,490	8,888,413	89,861,957
Total liabilities and fund balances	$ 26,701,188	$ 1,898,204	$ 57,483,292	$ 4,987,301	$ 9,981,568	$ 101,051,553

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per balance sheet - governmental funds		$ 89,861,957
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		141,005,928
Certain revenues are not available soon enough to pay for the current period's expenditures and are, therefore, reported as deferred inflows of resources.		1,953,955
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	(102,844,376)	
Certificates of obligation payable	(1,875,000)	
Limited tax notes	(185,000)	
Bond premiums	(7,290,832)	
Deferred charges on refunding	843,925	
Accrued interest	(520,471)	
Capital leases payable	(3,570,029)	
Net pension liability	(9,921,302)	
Net OPEB liability	(2,234,080)	
Compensated absences	(3,833,446)	
		(131,430,611)
Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are not reported in the fund financial statements.		(232,070)
The internal service fund is used by management to charge the costs of self-insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		1,594,884
Net position of governmental activities		$ 102,754,043

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Fiscal Year Ended September 30, 2021

	Governmental Fund Types					
	General	Debt Service	Capital Projects	Disaster Relief Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property taxes	$ 29,027,371	$ 12,186,358	$ -	$ -	$ 709,045	$ 41,922,774
Sales taxes	8,089,146	-	-	-	-	8,089,146
Other	98,048	-	-	-	117,035	215,083
Franchise fees	2,730,902	-	-	-	130,114	2,861,016
License and permits	1,553,173	-	-	-	1,188,435	2,741,608
Charge for services	3,134,186	-	837,238	-	-	3,971,424
Fines and forfeitures	561,121	-	-	-	529,704	1,090,825
Intergovernmental	332,956	-	-	571,504	1,852,184	2,756,644
Interest	10,664	2,885	31,110	-	4,610	49,269
Miscellaneous	1,491,141	-	26,902	429,674	16,300	1,964,017
Total revenues	47,028,708	12,189,243	895,250	1,001,178	4,547,427	65,661,806
EXPENDITURES						
Current operating:						
General government	5,604,482	99,295	-	873,320	780,578	7,357,675
Public safety	24,985,020	-	-	-	2,128,239	27,113,259
Public works	2,878,729	-	6,709,105	-	12,052	9,599,886
Culture and recreation	4,921,433	-	-	-	157,390	5,078,823
Community development	3,315,756	-	-	-	-	3,315,756
Debt service:						
Principal retirement	414,685	8,072,899	-	-	-	8,487,584
Interest and fiscal charges	35,294	3,823,730	-	-	-	3,859,024
Bond issuance costs	-	-	248,923	-	-	248,923
Capital outlay	2,119,622	-	8,850,017	195,757	249,736	11,415,132
Total expenditures	44,275,021	11,995,924	15,808,045	1,069,077	3,327,995	76,476,062
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,753,687	193,319	(14,912,795)	(67,899)	1,219,432	(10,814,256)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	10,010,000	-	-	10,010,000
Capital lease	2,134,295	-	-	-	-	2,134,295
Premiums on issuance of debt	-	-	704,923	-	-	704,923
Transfers in	2,520,519	244,240	1,835,787	-	81,223	4,681,769
Transfers out	(2,061,254)	-	-	(585,325)	-	(2,646,579)
Proceeds from sale of assets	68,827	-	-	-	-	68,827
Total other financing sources (uses)	2,662,387	244,240	12,550,710	(585,325)	81,223	14,953,235
NET CHANGE IN FUND BALANCES	5,416,074	437,559	(2,362,085)	(653,224)	1,300,655	4,138,979
FUND BALANCES, BEGINNING	16,576,891	1,290,986	58,220,629	2,046,714	7,587,758	85,722,978
FUND BALANCES, ENDING	$ 21,992,965	$ 1,728,545	$ 55,858,544	$ 1,393,490	$ 8,888,413	$ 89,861,957

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended September 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 4,138,979
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($11,415,132) and capital contributions ($5,178,137) exceeded depreciation ($10,561,046), and deletions ($109,499) in the current period.		5,922,724
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the governmental financial statements, these revenues are referred to as deferred inflows of resources.		(163,875)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayments of principal	8,487,584	
Issuance of bonds	(10,010,000)	
Issuance of capital lease	(2,134,295)	
Premium on issuance	(704,923)	
		(4,361,634)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Decrease in the amount of compensated absences	(175,679)	
Increase in accrued interest payable	10,259	
Amortization of bond discounts/premiums and deferred losses	655,579	
		490,159
To record net change in pension activity.		1,137,227
To record net change in OPEB activity.		241,790
The internal service fund is used by management to charge the costs for self-insurance to the various funds. The change in net position of the internal service fund is reported within the governmental activities.		108,759
Change in net position of governmental activities		$ 7,514,129

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Net Position
Proprietary Funds
September 30, 2021

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
ASSETS					
Current assets:					
Cash, cash equivalents and investments	$ 19,141,706	$ 653,308	$ 2,805,167	$ 22,600,181	$ 1,913,986
Restricted cash, cash equivalents and investments:					
Revenue bond covenant accounts	4,532,998	-	-	4,532,998	-
Receivables (net of allowance for uncollectibles):					
Accounts	5,006,572	942,886	199,693	6,149,151	-
Accrued interest	11,920	132	845	12,897	23
Other	6,693	1,591	-	8,284	309
Due from other governments	372,224	-	-	372,224	-
Inventories	1,164,785	-	-	1,164,785	-
Prepaid and other items	29,984	-	-	29,984	91,998
Total current assets	30,266,882	1,597,917	3,005,705	34,870,504	2,006,316
Noncurrent assets:					
Restricted cash, cash equivalents and investments:					
Revenue bond construction funds	14,289,535	-	-	14,289,535	-
Impact fee funds	3,884,020	-	-	3,884,020	-
Receivables (net of allowance for uncollectibles):					
Notes receivable	9,919	-	-	9,919	-
Capital assets:					
Land	994,697	-	49,925	1,044,622	-
Buildings	1,041,641	-	59,178	1,100,819	-
Systems	174,795,623	194,768	45,400,618	220,391,009	-
Machinery and equipment	10,247,496	57,417	542,328	10,847,241	-
Construction in progress	7,575,205	-	2,496,859	10,072,064	-
Less accumulated depreciation	(101,827,979)	(250,320)	(22,224,680)	(124,302,979)	-
Total capital assets	92,826,683	1,865	26,324,228	119,152,776	-
Total noncurrent assets	111,010,157	1,865	26,324,228	137,336,250	-
Total assets	141,277,039	1,599,782	29,329,933	172,206,754	2,006,316
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	881,954	-	79,427	961,381	-
Deferred outflows of resources - TMRS	645,605	-	10,203	655,808	-
Deferred outflows of resources - OPEB	24,203	-	741	24,944	-
Total deferred outflows of resources	1,551,762	-	90,371	1,642,133	-
LIABILITIES					
Current liabilities:					
Accounts payable	974,140	1,018,697	44,220	2,037,057	407,135
Accrued liabilities	123,807	2,245	4,215	130,267	4,297
Accrued interest payable	153	-	9,958	10,111	-
Retainage payable	-	-	8,940	8,940	-
Customer deposits	853,970	-	-	853,970	-
Compensated absences	14,394	-	339	14,733	-
Capital lease payable	37,280	-	52,354	89,634	-
Bonds payable	3,554,684	-	275,000	3,829,684	-
Total current liabilities	5,558,428	1,020,942	395,026	6,974,396	411,432
Current liabilities payable from restricted assets:					
Accounts payable	64,546	-	-	64,546	-
Accrued interest payable	127,680	-	-	127,680	-
Retainage payable	-	-	2,000	2,000	-
Total current liabilities payable from restricted assets	192,226	-	2,000	194,226	-
Total current liabilities	5,750,654	1,020,942	397,026	7,168,622	411,432

(continued)

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Net Position – Continued
Proprietary Funds
September 30, 2021

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
LIABILITIES (Continued)					
Noncurrent liabilities:					
Compensated absences	$ 146,346	$ -	$ 3,466	$ 149,812	$ -
Net pension liability	864,070	-	27,048	891,118	-
Net OPEB liability	216,646	-	8,205	224,851	-
Capital lease payable	-	-	-	-	-
Bonds payable	38,070,000	-	1,354,285	39,424,285	-
Total noncurrent liabilities	39,297,062	-	1,393,004	40,690,066	-
Total liabilities	45,047,716	1,020,942	1,790,030	47,858,688	411,432
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - TMRS	660,103	-	18,644	678,747	-
Deferred inflows of resources - OPEB	40,960	-	1,254	42,214	-
Total deferred inflows of resources	701,063	-	19,898	720,961	-
NET POSITION					
Net investment in capital assets	70,220,228	1,865	24,722,016	94,944,109	-
Restricted for:					
Debt service	4,532,998	-	-	4,532,998	-
Unrestricted	22,326,796	576,975	2,888,360	25,792,131	1,594,884
Total net position	$ 97,080,022	$ 578,840	$ 27,610,376	$ 125,269,238	$ 1,594,884

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2021

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
OPERATING REVENUES					
Charges for sales and services:					
Charges for services	$ 32,283,237	$ 6,600,670	$ 1,437,417	$ 40,321,324	$ 6,300,603
Intergovernmental	372,224	-	-	372,224	-
Miscellaneous	12,645	2,691	-	15,336	963,065
Total operating revenues	32,668,106	6,603,361	1,437,417	40,708,884	7,263,668
OPERATING EXPENSES					
Personnel services	2,725,001	35,012	96,400	2,856,413	99,217
Water supply	9,439,987	-	-	9,439,987	-
Wastewater treatment	4,411,455	-	-	4,411,455	-
Contractual services	564,052	-	31,478	595,530	6,417,614
Maintenance, repairs and supplies	1,520,891	-	168,125	1,689,016	-
Utilities	484,837	-	-	484,837	-
Legal and professional	30,202	-	113	30,315	-
Refuse collection	-	5,895,627	-	5,895,627	-
Depreciation	6,239,555	3,732	1,174,713	7,418,000	-
Intragovernmental charges	2,171,976	647,820	54,804	2,874,600	187,776
Miscellaneous	50,901	-	-	50,901	90,302
Total operating expenses	27,638,857	6,582,191	1,525,633	35,746,681	6,794,909
OPERATING INCOME (LOSS)	5,029,249	21,170	(88,216)	4,962,203	468,759
NONOPERATING REVENUES (EXPENSES)					
Investment income	17,014	369	1,379	18,762	-
Loss on disposition of assets	(17,342)	-	-	(17,342)	-
Interest and fiscal charges	(1,348,166)	-	(63,430)	(1,411,596)	-
Total nonoperating revenues (expenses)	(1,348,494)	369	(62,051)	(1,410,176)	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	3,680,755	21,539	(150,267)	3,552,027	468,759
Capital contributions	2,565,115	-	825,450	3,390,565	-
Transfers in	39,600	-	-	39,600	-
Transfers out	(1,614,794)	-	(99,996)	(1,714,790)	(360,000)
CHANGE IN NET POSITION	4,670,676	21,539	575,187	5,267,402	108,759
TOTAL NET POSITION, BEGINNING	92,409,346	557,301	27,035,189	120,001,836	1,486,125
TOTAL NET POSITION, ENDING	$ 97,080,022	$ 578,840	$ 27,610,376	$ 125,269,238	$ 1,594,884

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2021

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	$ 32,058,576	$ 6,613,199	$ 1,443,008	$ 40,114,783	$ 6,337,283
Cash received from miscellaneous	12,645	2,691	-	15,336	963,065
Cash paid to employees for services	(2,836,174)	(35,012)	(96,856)	(2,968,042)	(99,217)
Cash paid for goods and services	(19,369,035)	(6,056,885)	(236,950)	(25,662,870)	(6,529,102)
Net cash provided by operating activities	9,866,012	523,993	1,109,202	11,499,207	672,029
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	39,600	-	-	39,600	-
Transfers to other funds	(1,614,794)	-	(99,996)	(1,714,790)	(360,000)
Net cash used in noncapital financing activities	(1,575,194)	-	(99,996)	(1,675,190)	(360,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on capital debt	(3,487,516)	-	(306,339)	(3,793,855)	-
Interest and fiscal charges paid on capital debt	(973,404)	-	(84,617)	(1,058,021)	-
Proceeds from capital debt	6,880,000	-	-	6,880,000	-
Acquisition and construction of capital assets	(2,624,339)	-	(7,000)	(2,631,339)	-
Net cash used in capital and related financing activities	(205,259)	-	(397,956)	(603,215)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	17,014	369	1,379	18,762	-
Net cash provided by investing activities	17,014	369	1,379	18,762	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,102,573	524,362	612,629	9,239,564	312,029
CASH AND CASH EQUIVALENTS, BEGINNING	33,745,686	128,946	2,192,538	36,067,170	1,601,957
CASH AND CASH EQUIVALENTS, ENDING	$ 41,848,259	$ 653,308	$ 2,805,167	$ 45,306,734	$ 1,913,986
CLASSIFED AS:					
Current assets - unrestricted	19,141,706	653,308	2,805,167	22,600,181	1,913,986
Current assets - restricted, bond funds	4,532,998	-	-	4,532,998	-
Noncurrent assets - restricted, bond funds	14,289,535	-	-	14,289,535	-
Noncurrent assets - restricted, impact fee funds	3,884,020	-	-	3,884,020	-
TOTAL CASH AND CASH EQUIVALENTS, ENDING	$ 41,848,259	$ 653,308	$ 2,805,167	$ 45,306,734	$ 1,913,986

(continued)

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Cash Flows – Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2021

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	$ 5,029,249	$ 21,170	$ (88,216)	$ 4,962,203	$ 468,759
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	6,239,555	3,732	1,174,713	7,418,000	-
Changes in assets and liabilities:					
Accounts receivable	254,720	12,555	4,876	272,151	36,636
Other receivables	(367,696)	(26)	715	(367,007)	44
Prepaid expenses and other assets	8,902	-	-	8,902	91,016
Inventory	(491,777)	-	-	(491,777)	-
Accounts payable and accrued liabilities	(731,931)	486,562	15,232	(230,137)	75,574
Customer and escrow deposits	18,973	-	-	18,973	-
Accrued compensated absences	(8,758)	-	2,414	(6,344)	-
Net pension liability and OPEB obligation	(85,225)	-	(532)	(85,757)	-
Total adjustments	4,836,763	502,823	1,197,418	6,537,004	203,270
Net cash provided by operating activities	$ 9,866,012	$ 523,993	$ 1,109,202	$ 11,499,207	$ 672,029
NONCASH FINANCING AND INVESTING ACTIVITIES:					
Capital contributions	$ 2,565,115	$ -	$ 825,450	$ 3,390,565	$ -
Loss on disposal of capital assets	(17,342)	-	-	(17,342)	-
Total noncash financing and investing activities	$ 2,547,773	$ -	$ 825,450	$ 3,373,223	$ -

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Net Position
Fiduciary Funds
September 30, 2021

	PID Custodial Fund	Other Post Employment Benefits Trust Fund
ASSETS		
Restricted Cash	$ -	$ 19,375
Investments:		
Money market	18,248,407	-
Equity mutual funds	-	1,048,652
Fixed income mutual funds	-	616,824
Total investments	18,248,407	1,665,476
Total assets	18,248,407	1,684,851
NET POSITION		
Net position restricted for OPEB	-	1,684,851
Net position restricted for custodial funds	18,248,407	-
Total net position	$ 18,248,407	$ 1,684,851

The Notes to the Financial Statements are an integral part of this statement.

City Of Rowlett, Texas

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended September 30, 2021

	PID Custodial Fund	Other Post Employment Benefits Trust Fund
ADDITIONS		
Contributions:		
Private contributions	$ 11,197,210	$ -
Employer contributions	-	226,529
Interest income	4,580	250,131
Total additions	11,201,790	476,660
DEDUCTIONS		
Administrative expenses	-	9,186
Project expenses	9,884,842	-
Total deductions	9,884,842	9,186
Change in net position	1,316,948	467,474
Net position, beginning of year	-	1,217,377
Implementation of GASB 84	16,931,459	-
Net position, end of year	$ 18,248,407	$ 1,684,851

The Notes to the Financial Statements are an integral part of this statement.

Notes to the Basic Financial Statements

Rowlett
TEXAS

Note 1. Summary of Significant Accounting Policies

(a) Reporting Entity

The City of Rowlett, Texas (City) is a municipal corporation governed by an elected mayor and six-member council. It was incorporated on March 1, 1952, under the provisions of Chapter 11, Title 28, Texas Revised Civil Statutes of 1925. On January 19, 1980, the City adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of its inhabitants. The City's services include public safety, streets and transportation, water and wastewater, solid waste collection and disposal, environmental health and leisure services.

The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

The City's basic financial statements include all organizations and activities determined to be part of the City's reporting entity.

Discretely Presented Component Unit
The Rowlett Housing Finance Corporation (RHFC) was organized to finance the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the City at affordable prices. RHFC is governed by a board of directors that are appointed by and serve at the discretion of the City Council. RHFC is reported as a proprietary entity and maintains their accounts on an accrual basis of accounting. RHFC uses an outside accounting firm to conduct their bookkeeping and accounting. The financial information for RHFC is included in the statements for the period of January 1, 2020 through December 31, 2020. Complete separate December 31, 2020 financial statements for RHFC may be obtained from the City.

(b) Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, as amended, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund but distinguish between the City's governmental activities and business-type activities on the statement of net position and statement of activities. The City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the government funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. GASB Statement No. 34 also requires supplementary information such as Management's Discussion and Analysis which includes an analytical overview of the City's financial activities. In addition, a budgetary comparison schedule is presented that compares the adopted and modified General Fund budget with actual results for adopted funds.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the financial statements.

(c) Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, and franchise taxes, intergovernmental revenues, interest income, etc.).

Separate fund-based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The non-major funds are combined in a separate column in the fund financial statements. The non-major funds are detailed in the combining section of the statements.

GASB Statement No. 34 also permits the City to report individual non-major funds if officials believe the fund is particularly important to the financial statement's readers. The Refuse Fund is reported as major for this reason.

(d) Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments not due within the operating cycle, are recorded only when the obligation has matured and is due and payable shortly after year end as required by GASB Interpretation No. 6.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met. Additionally, funds received in advance for which all eligibility requirements have not been met are considered deferred revenue.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then use unrestricted resources as they are needed.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, refuse, and municipal drainage funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **Capital Projects Fund** accounts for the financing and acquisition of right of way and construction of streets and alleys, buildings, land acquisition and park improvements. Funds are provided primarily through bond sales, impact fees and interest earnings.

The **Disaster Relief Fund** accounts for revenues and expenditures related to unexpected natural disasters.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the activities of the enterprise. The enterprise operates the water distribution and pump stations, the sewage collection system and lift stations.

The **Refuse Fund** accounts for the activities of the City's residential and commercial trash collection service.

The **Drainage Fund** accounts for the activities of the City's drainage maintenance operations.

Additionally, the City reports the following nonmajor fund types:

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for particular purposes, such as impact fees, police seizure, court fees, grants, etc.

The **Internal Service Fund** is used to account for the City's self-insurance activities provided to other departments or funds of the City on a cost reimbursement basis.

The **Fiduciary Funds** are used to hold assets for the benefit of a third party (OPEB participants and PID) and cannot be used to address activities or obligations of the government. These funds are not incorporated into the government-wide financial statements.

Assets, Liabilities, and Net Position or Equity

(e) Deposits and Investments

Cash in all funds, excluding the City's payroll account and certain escrow accounts, is combined into one bank account in order to maximize investment opportunities. Although individual funds may experience temporary overdraft liabilities, a positive balance is maintained in combined cash. Investment income resulting from this pooling is allocated to the respective funds based on the sources of the funds invested.

Investments are carried at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers a quoted market price at September 30, 2021 to be the fair value of investments.

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, demand deposits, escrow cash with fiscal agent and short-term investments with original maturities of three months or less from the date of acquisition.

(f) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances are calculated based on historical performance and can differ between receivable types. Accounts without the backing of liens or contractual agreements exceeding 365 days are typically written off.

Property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year.

(g) Inventories and Prepaid Items

Inventories, which are expended as they are consumed, are recorded using the average cost method and are stated at cost. They are valued at the lower of moving average (i.e., perpetual inventory) cost or market. Unit prices are adjusted as new inventory is added; thus the moving average cost closely represents the cost of goods sold. Other inventories are stated at the lower of cost (first-in, first-out method) or market.

Prepaid items are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. A reserve for prepaid items and inventories is recognized in the governmental funds in the fund level financial statements to signify that a portion of fund balance is not available for other subsequent expenditures.

(h) Interfund Transactions and Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations of both governmental and proprietary funds. Nonrecurring or non-routine transfers of equity between funds, such as contribution of capital assets to a proprietary fund, are accounted for as transfers.

(i) Restricted Assets

Assets, consisting of cash and short-term investments, have been set aside on the balance sheet because they represent funds with restricted purposes.

In the proprietary funds, restricted assets are segregated to reflect resources accumulated for debt service, construction funds, or other legal requirements. Debt service amounts are restricted for the current year requirements and also for future years' requirements as required by bond covenants. Construction funds represent resources set aside for construction projects of the Water and Sewer and Drainage Funds.

(j) Capital Assets

Capital assets, which include property, plant, equipment and public domain (infrastructure) assets (e.g. roads, water and sewer lines, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of three years. Public infrastructure is capitalized at $100,000 and an estimated useful life in excess of five years. Contributed assets are recorded at acquisition value at the time received. Assets acquired by lease financing are capitalized over the term of the lease according to the City's capitalization threshold policy. Capital costs that do not materially add to the value of the asset, extend its useful life, or do not otherwise meet the government's capitalization threshold are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are depreciated using the straight line with half-year convention method. The estimated useful lives under the policy are as follows:

Buildings, other improvements	20 - 40 years
Alleys, drainage systems, and water and sewer system	25 years
Equipment	3 - 20 years
Streets	10 - 20 years

(k) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions, difference between expected and actual economic experience, and difference between projected and actual earnings – These differences are deferred and amortized.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has the following types of items. The first arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from multiple sources: property taxes, grants, and various fees and assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second is related to the Pension and OPEB plans: changes in actuarial assumptions, difference between expected and actual economic experience, and difference between projected and actual earnings. These items are deferred and amortized.

(l) Compensated Absences

City employees earn vacation and sick leave based on length of service. Nonexempt employees are eligible to accumulate compensation time at one and one-half times the hourly rate of pay. At termination, employees are reimbursed for accumulated vacation and compensatory time. Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and are typically liquidated with expendable resources in the General Fund.

(m) Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Long-term obligations such as the net pension liability and the net other post-employment benefits (OPEB) liability are liquidated with expendable resources in the General Fund.

(n) Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. The City does not utilize encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation. Since the City intends to honor such commitments, the subsequent year's appropriations will provide authority to complete these transactions. Under the City's budgetary process, appropriations lapse at fiscal year-end, except for capital improvements or contracts in which the City issued a purchase order prior to the end of the year. These encumbrances are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year. Refer to Note 14F for the amount of encumbrances expected to be honored upon performance by the vendor in the next year.

(o) Fund Balance Classification and Net Position

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. Fund balances classified as committed can only be used for specific purposes pursuant to Resolution Number RES-011-12 imposed by the City Council, which constitutes the highest level of action and most binding constraint.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Council has by resolution authorized the City Manager and/or the Director of Financial Services to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

At the government–wide level, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used for the acquisition, construction or improvements of those assets, net of debt related to any unspent proceeds.

(p) Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(q) Other Post-Employment Benefits

The fiduciary net position of the City's Other Post-Employment Benefit (OPEB) plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the City's fiduciary net position. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total OPEB Liability is obtained from a report prepared for the City by consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

(r) Deficit Fund Balance

At September 30, 2021, the Grants Fund, a nonmajor governmental fund, had a deficit fund balance of $452,801. The fund incurred expenditures under a grant that were not reimbursed in a timely manner under the modified accrual basis of accounting to be included in revenue. However, the City anticipates receiving reimbursement for these grants in fiscal year 2022.

(s) GASB Pronouncements implemented by the City

GASB Statement No. 84, *Fiduciary Activities*. This Statement was issued in January 2017 and provides guidance to enhance the consistency and comparability of fiduciary activity reporting by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities.

GASB Statement No. 98, *The Annual Comprehensive Financial Report.* This Statement was issued in October 2021 and establishes the term annual comprehensive financial report and its acronym ACFR.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

The City Council follows these procedures in establishing the budgets reflected in the financial statements:

- Approximately 60-90 days prior to October 1 of each fiscal year, the City Manager submits a proposed budget to the City Council. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings and budget work sessions are conducted to obtain taxpayer comments.
- Typically, the City Council enacts the budget by ordinance before September 19. This allows tax statements to be prepared and mailed in a timely fashion.
- Annual budgets are legally adopted for the General, Debt Service, Capital Projects, Internal Service and Enterprise Funds. Budgets are prepared on a modified accrual basis for the General, Other Governmental, Capital Projects and Debt Service Funds. Enterprise and Internal Service Fund budgets are prepared on an accrual basis, except for capital outlays (exclusive of water and sewer capital projects). Principal payments on debt are budgeted as expenses and depreciation expense is not budgeted. Budgets for the Capital Projects Funds are normally established pursuant to the term of the related bond indentures, that is, on a project basis.

- The level of control is at the fund level. Budget adjustments are transfers of approved funds from one line-item within a department or from one department to another within a fund. Budget adjustments within the same department under $10,000 may be approved by the Director and Director of Financial Services with notification to the City Manager. Budget adjustments exceeding $10,000 or between departments within the same fund shall be made at the discretion and approval of the City Manager. Budget amendments, which increase or decrease the total appropriation of a given fund shall be approved by the City Council at a regularly scheduled City Council meeting.

The Budgetary Comparison Schedule, included in the required supplementary information, presents a comparison of budgetary data to actual results of operations for the General Fund in which an annual operating budget was legally adopted.

This schedule utilizes the same basis of accounting for both budgetary purposes and actual results. Budgetary data for the Capital Projects Funds have not been presented in the accompanying supplemental information. Capital Projects Funds are budgeted over the life of the respective project and are reviewed and approved by the City Council in a Five Year Capital Improvements Plan.

Note 3. Deposits and Investments

The City has adopted Investment Policies, which are in accordance with the laws of the State of Texas, where applicable, specifically the Public Funds Investment Act (PFIA). The policies identify authorized investments and investment terms, collateral requirements, safekeeping requirements for collateral and investments, and certain investment practices. Authorized investments include obligations of the federal government or its agencies and instrumentalities, repurchase agreements, state and local investment pools, SEC regulated money market mutual funds, collateralized or insured certificates of deposit, and prime commercial paper.

State statutes require that all deposits in the financial institutions be fully collateralized by U.S. government obligations or obligations of the State of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's demand deposits were fully collateralized at September 30, 2021 with collateral required by the state statutes. At year-end, the City's deposit balance was fully covered by collateral held by the City's depository bank in the City's name or by FDIC insurance.

The City categorizes its fair value measurements within the three-level fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. Below are the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City's investments are measured as presented in the table below. The City's investment balances, weighted average maturity, and credit risk of such investments are as follows:

	September 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Maturity (Years)	Rating
Investments Measured at Amortized Cost:							
Texas Local Government Investment Pools							
TexPool	$ 82,301,442	$ -	$ -	$ -	63.07%	0.003	AAAm
Investments Subject to Fair Value							
Commercial Paper	13,742,354	-	13,742,354	-	10.53%	0.400	P-1
Federal Agency Bond/Note	18,146,029	-	18,146,029	-	13.91%	1.390	Aaa
U.S. Treasuries Bond/Note	15,947,857		15,947,857		12.22%	2.030	Aaa
Municipal Bond/Note	350,416	-	350,416	-	0.27%	2.440	Aa2
Total Value	$ 130,488,098	$ -	$ 48,186,656	$ -		1.330	

The City invests in Texas Local Government Investment Pool (TexPool), an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. The fair value of the City's position in the pool is the same as the value of pool shares.

The TexPool investment pool is an external investment pool measured at amortized cost to report net position to compute share prices. Accordingly, the fair value of the position in this pool is the same as the value of the shares in the pool. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of $1.00 per share, has a weighted average maturity of 60 days or less, and has a weighted average life of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and no maximum transaction amounts. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium, or national or state emergency that affects the pools' liquidity.

This local government investment pool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The Texas Local Government Investment Pool (TexPool) is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

The Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

As of September 30, 2021, the City has the recurring fair value measurements for commercial paper, agencies, treasury bonds/notes, and treasury bills of $48,186,656 valued using quoted prices for similar assets in active markets (Level 2).

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from increasing interest rates, the City's investment policy states that the overall weighted average maturity of principal return for the entire portfolio shall be less than two (2) years. By policy, the City will not directly invest in securities maturing more than five years from the date of purchase.

Credit Risk. The City's investment policy, in conjunction with state law, specifies the type of credit rating of all authorized investments. The City's investments in U.S. Agency securities (Commercial Paper, FHLB, FHLMC, and US TSY) are individually rated by Standard & Poor's and by Moody's Investors Service (see table above). As of September 30, 2021, investments in the Texas Local Government Pool (TexPool) carried a credit rating of AAAm by Standard & Poor's. US Treasuries are backed by the full faith and credit of the US Government.

Concentration of Credit Risk. With the exception of U.S. Treasury securities and State Local Government Pools, the City's investment policy limits the amount that may be invested in any one issuer to 40% of the total investment portfolio. The City's investment policy also has stricter restrictions for commercial paper, CD's, repurchase agreements, mutual funds and other investments. As of September 30, 2021, 36.93% of the City's total investments are in the following: Federal Home Loan Mortgage Corporation (5.13%), Fannie Mae (8.77%), Municipal Bond/Note (0.27%), US Treasury Bonds/Notes (12.22%), and Commercial Paper (10.53%) on a fair value basis. The remaining 63.07% is in TexPool.

Custodial Credit Risk – Deposits. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City may not be able to recover its deposits. The City's investment policy follows state statutes, which require that all deposits in financial institutions be fully collateralized or insured. As of September 30, 2021, the City's bank balance was $10,809,993, and none of that amount was exposed to custodial credit risk at year-end.

Custodial Credit Risk – Investments. For investments, custodial credit risk is the risk that in the event of the failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that all investments held by outside parties for safekeeping be held in the name of the City. The City was not exposed to any custodial credit risk at year-end.

Note 4. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Taxes are due October 1 and become delinquent after the following January 31. Penalty and interest is charged at 7% on delinquent taxes beginning February 1 and increases each month to a maximum of 18% on July 1. Assessed values are established at 100% of estimated market value and certified by the Board of Equalization. The assessed value for the roll of January 1, 2020, upon which the fiscal year 2021 levy was based, was $5,640,488,528.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. However, on May 3, 2003, the citizens of Rowlett approved modifications to the City's Home Rule Charter, including a provision to cap the levy of property taxes at $1.25 per $100 of assessed valuation.

The tax rate for the year ended September 30, 2021 was $.745000 per $100, of which $0.524691 was allocated for general government and $0.220309 was allocated for the payment of principal and interest on general obligation debt. Taxes are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Tax collections, including past delinquencies, for the year ended September 30, 2021, were 99.46% of the tax levy.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the adopted tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the no-new-revenue rate by 3.5% (or 8% in case of a disaster declaration), an election is automatically held to either uphold the adopted tax rate or lower it to the no-new-revenue rate.

This legislation provides that, if approved by the qualified voters in the City, both the appraisal and collection functions may be placed with the appraisal district. In addition, the City may obtain approval from its governing body to place these functions with the appraisal district. As of September 1, 1997, the City contracted with Dallas County to bill and collect the City's property taxes.

Note 5. Receivables

Receivables as of the year end for the City's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Water and Sewer	Refuse	Drainage	Internal Service	Total
Interest	$ 6,171	$ 506	$ 19,740	$ 2,770	$ 11,920	$ 132	$ 845	$ 23	$ 42,107
Court	-	-	-	672	-	-	-	-	672
Ambulance	1,081,118	-	-	-	-	-	-	-	1,081,118
Lot mowing	245,484	-	-	-	-	-	-	-	245,484
Sales tax	1,431,388	-	-	-	-	-	-	-	1,431,388
Hotel/motel tax	-	-	-	31,572	-	-	-	-	31,572
Property tax	447,069	191,088	-	2,261	-	-	-	-	640,418
Customer accounts	-	-	127,598	-	5,256,027	1,019,833	213,509	-	6,616,967
Other accounts	141,139	-	-	6,008	6,693	1,591	-	309	155,740
Franchise fees	860,054	-	-	31,931	-	-	-	-	891,985
911 fees	39,232	-	-	-	-	-	-	-	39,232
Note, noncurrent	-	-	-	-	9,919	-	-	-	9,919
Gross receivables	4,251,655	191,594	147,338	75,214	5,284,559	1,021,556	214,354	332	11,186,602
Less: allowance for uncollectibles	(828,914)	(21,429)	(6,744)	-	(249,455)	(76,947)	(13,816)	-	(1,197,305)
Net total receivables	$3,422,741	$ 170,165	$ 140,594	$ 75,214	$ 5,035,104	$ 944,609	$ 200,538	$ 332	$ 9,989,297

Revenue Recognition

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property tax receivable	$ 569,316	$ -
Ambulance	345,054	-
Mowing liens	208,662	-
Intergovernmental	618,919	3,459,132
Franchise Fees	195,814	-
Other	16,190	2,146,962
Total unavailable/unearned revenue for governmental funds	$ 1,953,955	$ 5,606,094

Note 6. Capital Assets

Capital asset activity as of September 30, 2021 was as follows:

	Beginning Balance	Additions	Retirements	Adjustments/ Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 29,672,044	$ 23,577	$ -	$ -	$ 29,695,621
Construction in progress	17,679,863	12,896,208	-	(4,336,437)	26,239,634
Total capital assets not being depreciated	47,351,907	12,919,785	-	(4,336,437)	55,935,255
Capital assets being depreciated:					
Buildings	24,355,620	-	-	-	24,355,620
Improvements other than buildings	32,448,199	12,250	-	-	32,460,449
Machinery and equipment	22,595,223	2,257,468	(786,895)	-	24,065,796
Infrastructure	165,846,892	1,403,766	-	4,336,437	171,587,095
Total capital assets being depreciated	245,245,934	3,673,484	(786,895)	4,336,437	252,468,960
Less accumulated depreciation:					
Buildings	(10,101,311)	(619,176)	-	-	(10,720,487)
Improvements other than buildings	(23,708,657)	(1,196,750)	-	-	(24,905,407)
Machinery and equipment	(18,234,794)	(1,444,245)	677,396	-	(19,001,643)
Infrastructure	(105,469,875)	(7,300,875)	-	-	(112,770,750)
Total accumulated depreciation	(157,514,637)	(10,561,046)	677,396	-	(167,398,287)
Total capital assets being depreciated, net	87,731,297	(6,887,562)	(109,499)	4,336,437	85,070,673
Governmental activities capital assets, net	$ 135,083,204	$ 6,032,223	$ (109,499)	$ -	$ 141,005,928

	Beginning Balance	Additions	Retirements	Adjustments/ Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 1,044,622	$ -	$ -	$ -	$ 1,044,622
Construction in progress	13,986,193	2,983,756	-	(6,897,885)	10,072,064
Total capital assets not being depreciated	15,030,815	2,983,756	-	(6,897,885)	11,116,686
Capital assets being depreciated:					
Buildings	1,100,819	-	-	-	1,100,819
Improvements other than buildings	3,825,032	-	-	-	3,825,032
Machinery and equipment	10,833,458	133,841	(120,058)	-	10,847,241
Infrastructure	207,157,963	2,510,129	-	6,897,885	216,565,977
Total capital assets being depreciated	222,917,272	2,643,970	(120,058)	6,897,885	232,339,069
Less accumulated depreciation:					
Buildings	(630,110)	(27,360)	-	-	(657,470)
Improvements other than buildings	(608,951)	(239,349)	-	-	(848,300)
Machinery and equipment	(9,308,050)	(531,416)	95,313	-	(9,744,153)
Infrastructure	(106,433,181)	(6,619,875)	-	-	(113,053,056)
Total accumulated depreciation	(116,980,292)	(7,418,000)	95,313	-	(124,302,979)
Total capital assets being depreciated, net	105,936,980	(4,774,030)	(24,745)	6,897,885	108,036,090
Business-type activities capital assets, net	$ 120,967,795	$ (1,790,274)	$ (24,745)	$ -	$ 119,152,776

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 426,074
Public safety	1,341,217
Public works	7,703,174
Culture and recreation	1,064,937
Community development	25,644
Total depreciation expense - governmental activities	$ 10,561,046
Business-type activities:	
Water and sewer	$ 6,239,555
Refuse	3,732
Drainage	1,174,713
Total depreciation expense - business-type activities	$ 7,418,000

Note 7. Employee's Retirement System

Plan Description

The City participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to 100% of what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions.

The City can grant, as often as annually, another type of monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, the City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% repeating
Annuity increase (to retirees)	50% of CPI repeating

The City does not participate in Social Security.

Employees Covered by Benefit Terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	265
Inactive employees entitled to but not yet receiving benefits	300
Active employees	411
	976

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.05% and 13.03% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ending September 30, 2021, were $3,825,628, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions –

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2019	$ 142,774,024	$ 131,150,054	$ 11,623,970
Changes for the year:			
Service cost	4,629,830	-	4,629,830
Interest	9,622,787	-	9,622,787
Difference between expected and actual experience	484,635	-	484,635
Changes of assumptions	-	-	-
Contributions - employer	-	3,681,858	(3,681,858)
Contributions - employee	-	1,974,943	(1,974,943)
Net investment income	-	9,958,930	(9,958,930)
Benefit payments, including refunds of employee contributions	(5,058,278)	(5,058,278)	-
Administrative expense	-	(64,415)	64,415
Other changes	-	(2,514)	2,514
Net changes	9,678,974	10,490,524	(811,550)
Balance at 12/31/2020	$ 152,452,998	$ 141,640,578	$ 10,812,420

Sensitivity of the net pension liability to changes in the discount rate –

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 33,731,914	$ 10,812,420	$ (7,863,678)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the City recognized pension expense of $2,601,487.

At September 30, 2021, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 691,698	$ -
Changes in actuarial assumptions	165,537	-
Difference between projected and actual investment earnings	-	3,730,122
Contributions subsequent to the measurement date	2,835,408	-
Total	$ 3,692,643	$ 3,730,122

$2,835,408 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2021 (i.e. recognized in the City's financial statements September 30, 2022).

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement year ended December 31:	
2021	$ (941,739)
2022	369,077
2023	(2,078,963)
2024	(221,262)
Total	$ (2,872,887)

Note 8. Other Post-Employment Benefits (OPEB)

Post-retirement Health Care Benefits

Plan Description

The City offers its retired employees health insurance benefits through a single-employer defined benefit OPEB plan, under City policy. The benefit plan was established by the City in 2002 and last amended in 2005. No separate pension plan report is issued. This plan is administered by the City and no separate audited financial statements are available.

Benefits Provided

Retired employees who have satisfied the retirement requirement as defined by the Texas Municipal Retirement System (TMRS) are eligible to participate. The City has elected the retirement requirement as any age with 20 years of service or 5 years of service for age 60 and above. Retirees under 65 retiring under the TMRS system are eligible to receive premium payments of individual (not dependent) health insurance benefits for a period of time equal to one month for every full year of service with the City. Employees are eligible immediately upon retirement and the eligibility only runs from the retirement date. Active employees do not contribute any of their wage toward retiree health care benefits.

The City pays the employee-only premium for medical coverage, based on the City's Core Medical Plan Option. Retired employees are required to pay 100% of any additional premium expense for health benefits purchased upon retirement. Spouse and eligible dependents are eligible to continue to purchase health benefits per Chapter 175 provisions. The City does not pay any portion of spouse or dependent medical coverage.

As of the December 31, 2019 biennial actuarial valuation, the Trust's membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	12
Active Plan Members	389
Total Plan Members	401

Contributions and Funding Policy

The City has the authority to establish and amend the plan contributions by resolution of the City Council. The City contributes to the trust on an annual basis. Contributions by the City are established as part of the annual budget process and are based on amounts determined in the actuarial study prepared biennially. The City pays the retiree-only premium for medical coverage based on the City's Core Medical Plan Option for one month for each full year of service with the City of Rowlett.

Net OPEB Liability

The actuarial valuation was performed as of December 31, 2019.

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:	December 31, 2019
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	6.25% as of December 31, 2020
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas Mortality Tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Healthcare Cost Trend Rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years; Post-65: Initial rate of 5.50% declining to an ultimate rate of 4.15% after 14 years;
Participation Rates	It was assumed that 85% of retirees during the funded period and 10% of retirees after the funded period would choose to receive retiree health care benefits through the City. No employees retiring before the age of 50 were assumed to continue their health coverage through the City.
Notes	The Single Discount Rate changed from 6.75% as of December 31, 2019 to 6.25% as of December 31, 2020.

Rate of Return

The long-term rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of December 31, 2020.

Asset Class:	Target Allocation	Asset Class Expected Rate of Return
Equity:		
Large Cap Core	32.00%	6.80%
Mid Cap Core	6.00%	7.10%
Small Cap Core	9.00%	7.90%
Real Estate	2.00%	6.60%
International	7.00%	7.30%
Emerging Markets	4.00%	7.30%
Fixed Income:		
Short Term Bond	6.75%	3.30%
Intermediate Term Bond	27.00%	3.90%
High Yield	1.25%	6.10%
Cash	5.00%	2.40%

Discount Rate

A single discount rate of 6.25% was used to measure the total OPEB liability. Based on the stated assumptions and the projection of cash flows as of each plan year, the OPEB plan's fiduciary net position and future contributions were sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of the projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning Balance	$ 3,652,423	$ 1,200,611	$ 2,451,812
Service cost	155,448	-	155,448
Interest on total OPEB liability	245,211	-	245,211
Difference between expected and actual experience	9,151	-	9,151
Changes of assumptions	162,080	-	162,080
Employer contributions	-	421,302	(421,302)
Net investment income	-	150,432	(150,432)
Benefit payments	(194,773)	(194,773)	-
Administrative expenses	-	(6,963)	6,963
Net changes	377,117	369,998	7,119
Ending Balance	$ 4,029,540	$ 1,570,609	$ 2,458,931

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher than the current discount rate.

Sensitivity of Net OPEB Liability to the Single Discount Rate Assumption		
1% Decrease 5.25%	Current Single Discount Rate Assumption 6.25%	1% Increase 7.25%
$ 2,808,278	$ 2,458,931	$ 2,142,712

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate.

Sensitivity of Net OPEB Liability to the Healthcare Cost Trend Rate Assumption		
1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
$ 2,017,612	$ 2,458,931	$ 2,978,656

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the City recognized OPEB expense of $240,857. At September 30, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 8,120	$ 460,321
Changes in assumptions	143,812	77,098
Difference in expected and actual investment earnings	-	77,009
Contributions subsequent to the measurement date	227,696	-
Total	$ 379,628	$ 614,428

Deferred outflows of resources of $227,696 related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for fiscal year 2022. Other amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense in the following fiscal years:

2022	$ (78,312)
2023	(74,182)
2024	(89,022)
2025	(71,364)
2026	(58,968)
Thereafter	(90,648)
Total	$ (462,496)

Note 9. Long-Term Debt

A summary of long-term debt transactions, including the current portion, as of September 30, 2021, was as follows:

	Balance October 1, 2020	Issued Incurred	Retired or Refunded	Balance September 30, 2021	Due Within One Year
Governmental activities					
General obligation bonds	$ 99,922,275	$ 10,010,000	$ 7,087,899	$ 102,844,376	$ 7,505,315
Combined tax and surplus revenue certificates of obligation	2,050,000	-	175,000	1,875,000	180,000
Limited tax notes	995,000	-	810,000	185,000	185,000
Capital leases	1,850,419	2,134,295	414,685	3,570,029	638,564
Bond premiums	7,464,012	704,923	878,103	7,290,832	-
Compensated absences	3,657,767	224,740	49,061	3,833,446	350,825
Net pension liability	10,675,231	-	753,929	9,921,302	-
Net OPEB liability	2,227,466	6,614	-	2,234,080	-
Governmental activities long-term debt	$ 128,842,170	$ 13,080,572	$ 10,168,677	$ 131,754,065	$ 8,859,704
Business-type activities					
Water and sewer revenue bonds	$ 30,880,000	$ 6,880,000	$ 2,095,000	$ 35,665,000	$ 2,400,000
General obligation bonds	6,722,725	-	1,502,101	5,220,624	1,429,684
Capital leases	286,388	-	196,754	89,634	89,634
Bond premiums	2,184,657	524,330	340,642	2,368,345	-
Compensated absences	170,889	12,046	18,390	164,545	14,733
Net pension liability	948,738	-	57,620	891,118	-
Net OPEB liability	224,346	505	-	224,851	-
Business-type activities long-term debt	$ 41,417,743	$ 7,416,881	$ 4,210,507	$ 44,624,117	$ 3,934,051

For the governmental activities, the net pension liability and the other post-employment benefit liability are generally liquidated by the General Fund.

Long-term debt for governmental activities at September 30, 2021 includes the following individual issues:

	Original Issue Amount	Interest Rate (%)	Maturity Date	Outstanding	Due Within One Year
Governmental activities					
General obligation bonds:					
2010 Refunding	$ 10,825,000	2.00-3.00	2/15/22	$ 760,000	$ 760,000
2011 Refunding	7,860,000	2.00-4.00	2/15/23	1,510,000	740,000
2012 Refunding	6,271,149	2.00-5.00	2/15/29	2,129,376	665,315
2013 Refunding	7,385,000	2.50-5.00	2/15/25	5,880,000	1,405,000
2014 Refunding	3,750,000	3.00-4.40	8/15/39	3,015,000	120,000
2015 Refunding and improvements	29,460,000	3.00-5.00	2/15/35	13,830,000	1,430,000
2016 Various purpose	4,105,000	4.00-5.00	2/15/36	3,610,000	180,000
2017 Various purpose	10,930,000	2.00-5.00	2/15/37	8,900,000	425,000
2018 Various purpose	19,255,000	3.00-5.00	2/15/38	17,810,000	720,000
2019 Various purpose	18,285,000	3.00-5.00	2/15/39	17,660,000	385,000
2020 Various purpose	18,185,000	2.00-5.00	2/15/40	17,730,000	365,000
2021 Various purpose	10,010,000	2.00-4.00	2/15/41	10,010,000	310,000
				102,844,376	7,505,315
Combination tax and revenue certificates of obligation:					
2015 Various purpose	2,885,000	3.00 - 4.00	2/15/30	1,875,000	180,000
				1,875,000	180,000
Tax notes					
2015 Tax note	1,235,000	0.63 - 2.02	2/15/22	185,000	185,000
				185,000	185,000
Total governmental activities long-term bonded debt				104,904,376	7,870,315
Plus:					
Premiums and discounts				7,290,832	-
Net government activities long-term bonded debt				$ 112,195,208	$ 7,870,315

Long-term debt for business activities at September 30, 2021 includes the following individual issues:

	Original Issue Amount	Interest Rate (%)	Maturity Date	Outstanding	Due Within One Year
Business-type activities					
Utility system revenue bonds:					
2012 Various purpose	$ 8,525,000	2.00-3.50	3/1/32	$ 5,270,000	$ 410,000
2014 Various purpose	4,825,000	1.00-4.00	3/1/34	3,535,000	210,000
2015 Refunding	12,330,000	1.50-5.00	3/1/26	4,795,000	980,000
2018 Various purpose	4,775,000	3.375-5.00	3/1/38	4,320,000	170,000
2019 Various purpose	4,810,000	3.00-5.00	3/1/39	4,480,000	175,000
2020 Various purpose	6,590,000	2.00-5.00	3/1/40	6,385,000	225,000
2021 Various purpose	6,880,000	2.00-4.00	3/1/41	6,880,000	230,000
				35,665,000	2,400,000
General obligation bonds:					
2012 Refunding	10,883,851	2.00-5.00	2/15/29	3,695,624	1,154,684
2015 Refunding	2,780,000	3.00-5.00	2/15/26	1,525,000	275,000
				5,220,624	1,429,684
Total business-type activities long-term bonded debt				40,885,624	3,829,684
Plus:					
Premiums and discounts				2,368,345	-
Net business-type activities long-term bonded debt				$ 43,253,969	$ 3,829,684

The annual requirements to amortize general and certificates of obligations bonds as of September 30, 2021 are summarized below:

	General and Certificates of Obligation Bonds					
Year Ended	Governmental Activities			Business-type Activities		
September 30,	Principal	Interest	Total	Principal	Interest	Total
2022	$ 7,870,315	$ 3,740,337	$ 11,610,652	$ 1,429,684	$ 224,512	$ 1,654,196
2023	7,540,046	3,394,990	10,935,036	1,504,955	151,146	1,656,101
2024	7,428,427	3,084,695	10,513,122	1,581,573	73,983	1,655,556
2025	6,965,483	2,782,606	9,748,089	329,517	26,289	355,806
2026	5,710,483	2,502,461	8,212,944	349,517	9,479	358,996
2027-2031	25,779,622	9,115,772	34,895,394	25,378	1,237	26,615
2032-2036	27,885,000	4,249,384	32,134,384	-	-	-
2037-2041	15,725,000	685,823	16,410,823	-	-	-
Total	$ 104,904,376	$ 29,556,068	$ 134,460,444	$ 5,220,624	$ 486,646	$ 5,707,270

The annual requirements to amortize water and sewer revenue bonds as of September 30, 2021 are summarized below:

Year Ended September 30,	Water and Sewer Revenue Bonds		
	Principal	Interest	Total
2022	$ 2,400,000	$ 1,236,779	$ 3,636,779
2023	2,505,000	1,135,703	3,640,703
2024	2,615,000	1,034,319	3,649,319
2025	2,735,000	916,369	3,651,369
2026	2,305,000	804,719	3,109,719
2027-2031	9,520,000	2,818,959	12,338,959
2032-2036	8,220,000	1,150,031	9,370,031
2037-2041	5,365,000	242,381	5,607,381
Total	$ 35,665,000	$ 9,339,260	$ 45,004,260

As of September 30, 2021, the City had authorized but unissued general obligation bonds outstanding as follows:

Date	Purpose	Amount Authorized	Previously Issued	Unissued Balance
5/1/2021	Road & Drainage	$ 19,499,000	$ 8,180,000	$ 11,319,000
5/1/2021	Public Safety	2,286,000	2,286,000	-
		$ 21,785,000	$ 10,466,000	$ 11,319,000

Bond Issuances

On August 5, 2021, the City issued "City of Rowlett, Texas, General Obligation Bonds, Series 2021," totaling $10,010,000 to finance the construction and improvement of city streets and drainage and public safety facilities. These bonds incur an average cost over the life of the bonds at a rate of 2.00-4.00% and mature annually with semi-annual interest payments. The bonds will fully mature in 2041.

On August 5, 2021, the City issued "City of Rowlett, Texas, Waterworks and Sewer System Revenue Bonds, Series 2021," totaling $6,880,000 to finance acquiring, constructing, installing and equipping additions, improvements and extensions to the City's waterworks and sewer system. These bonds incur an average cost over the life of the bonds at a rate of 2.00-4.00% and mature annually with semi-annual interest payments. The bonds will fully mature in 2041.

Revenue Bonds

Revenue Bonds are used to finance the acquisition of major capital improvements for the water and sewer system and related facilities. These revenue bonds constitute special obligations of the City solely secured by a lien on and pledge of net revenues of the water and sewer system.

The revenue bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system, second to establish and maintain the debt service fund and third to establish and maintain a required reserve fund. Any net revenues remaining may be used for any lawful purpose.

The bond indenture requires the City to make equal monthly installments to a debt service fund to pay principal and interest requirements as they become due. At September 30, 2021, a balance of $2,364,603 is restricted within the water and sewer fund for debt service requirements. The reserve fund is required to be maintained in an amount at least equal to the average annual debt service requirements of the bonds similarly secured. No additional deposit to the reserve fund will be required upon issuance of the bonds. At September 30, 2021, a balance of $2,168,395 is restricted within the water and sewer reserve fund.

For fiscal year 2021, net revenue available for debt service was 4.85 times the average annual debt service requirement. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain required amounts and certain financial ratios are met.

Compliance with Debt Covenants

At September 30, 2021, and for the year then ended, the City was in compliance with all financial bond covenants on outstanding revenue and general obligation bonded debt.

Capital Leases

In fiscal year 2021, the City entered into an agreement Key Government Finance to purchase two fire trucks. The agreement is for a ten year term expiring on October 15, 2030. Payments are $228,031 annually and carry an effective interest rate of 1.37%.

The City previously entered into an agreement with US Bancorp Government Leasing and Financing, Inc. to purchase two ambulances and bunker gear. The agreement is for a four year term based on delivery of equipment and expires on August 10, 2024. Payments are $181,239 annually and carry an effective interest rate of 1.57%.

The City previously entered into an agreement with US Bancorp Government Leasing and Financing, Inc. to purchase a patch truck, backhoes, and a Gradall excavator. The agreement is for an approximate ninety month term based on delivery of equipment and expires on July 15, 2022. Payments are $116,620 annually and carry an effective interest rate of 1.905%.

The City previously entered into an agreement with US Bancorp Government Leasing and Financing, Inc. to purchase fire trucks. The agreement is for an approximate 127 month term based on delivery of equipment and expires on November 1, 2024. Payments are $198,831 annually and carry an effective interest rate of 2.01%.

The City previously entered into an agreement with Whitney Bank to purchase three maintenance trucks. The agreement is for an approximate 86 month term based on delivery of equipment and expires on August 22, 2021. Payments are $110,546 annually and carry an effective interest rate of 1.632%.

The City previously entered into an agreement with Pinnacle Public Finance Inc. to purchase a self-contained breathing apparatus. The agreement is for an approximate 108 month term based on delivery of the equipment and expires on October 31, 2023. Payments are $44,683 annually and carry an effective interest rate of 2.63%.

The assets acquired through capital leases are as follows:

	Water and Sewer	Governmental Activities	Total
Asset:			
Motor vehicles	$ 735,654	$ 2,487,742	$ 3,223,396
Machinery and equipment	598,938	352,799	951,737
Less: accumulated depreciation	(1,333,644)	(2,289,695)	(3,623,339)
Total	$ 948	$ 550,846	$ 551,794

Pursuant to the terms of the capital lease agreements, the following schedule represents the net present value of these minimum lease payments as of September 30:

Year Ending September 30,	Water and Sewer	Governmental Activities	Total
2022	$ 91,357	$ 678,048	$ 769,405
2023	-	652,785	652,785
2024	-	652,785	652,785
2025	-	426,862	426,862
2026	-	228,031	228,031
Thereafter	-	1,094,692	1,094,692
Total minimum lease payments	91,357	3,733,203	3,824,560
Less: amount representing interest	(1,723)	(163,174)	(164,897)
Present value of minimum lease payments	$ 89,634	$ 3,570,029	$ 3,659,663

Special Assessment Bonds

Special assessment bonds are used to finance the acquisition and construction of certain improvement projects and related debt issuance reserves and costs pertaining to public improvement districts. These bonds will be repaid from amounts levied against property owners benefitted by this construction. Those amounts, including interest, are 100 percent pledged to pay the scheduled principal and interest payments on the special assessment bonds. The bonds are secured by and payable from a first lien on and pledge of the Trust Estate. The City is only acting as an agent for the property owners and is in no way liable for repayment. The bonds have a stated rate of interest of 3.125-6.68 percent and are payable over the next 26-30 years.

	Sale Date	Original Borrowing	Interest Rate	Maturity Date	Outstanding
South	9/18/2017	$ 36,450,000	6.68	9/15/2047	$ 35,530,000
North	3/15/2016	$ 13,515,000	4.90 - 6.00	9/15/2046	$ 7,880,000
Cottonwood - MIA	6/10/2021	$ 5,065,000	3.75 - 4.25	9/15/2051	$ 5,065,000
Cottonwood - NIA	6/10/2021	$ 2,543,000	3.125 - 4.00	9/15/2051	$ 2,543,000

Note 10. Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the City purchased commercial insurance from Texas Municipal League (TML), a public entity risk pool, to cover these general liabilities, including worker's compensation. Both TML and the City purchased reinsurance and do not retain the entire risk of loss.

Policy	Retention	Limits of Liability
General Liability	$2,500 per occurrence	$2,000,000 per occurrence and $4,000,000 policy aggregate
Law Enforcement Liability & Errors and Omissions	$10,000 per occurrence	$3,000,000 per occurrence and $6,000,000 policy aggregate
Worker's Compensation	$0 per occurrence	Statutory
Property Loss	$1,000 per occurrence	$107,459,150
Automobile Liability	$2,500 per occurrence	$1,000,000 per occurrence and $25,000 each person
Automobile Physical Damage	$10,000 per occurrence $500 each vehicle	Agreed value as scheduled

The City maintains a self-insurance program for health insurance. Group medical benefits are paid from the Self-Insurance Fund (Internal Service Fund), which has an annually negotiated stop loss provision through United Healthcare. Revenues are recognized from payroll deductions from employee dependent coverage and from City contributions for employee coverage. The liabilities for insurance claims reported in the City's Self-Insurance Fund is based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. These liabilities include an estimate for incurred but not reported (IBNR) claims. Change in the fund's claim liability in fiscal year 2021 and 2020 is as follows:

Fund		Liability, Beginning of year	Current year Claims and Changes in Estimates	Claim Payments	Liability, End of year
Self-Insurance	2021	$330,085	$4,852,583	$4,779,792	$402,876
Self-Insurance	2020	$377,772	$4,337,670	$4,385,357	$330,085

For all insurance categories, there were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

Note 11. Interfund Transactions

A summary of interfund receivables and payables at September 30, 2021 is as follows:

	Due to
Due from	General Fund
Nonmajor Governmental Funds	$ 441,953
	$ 441,953

Interfund receivables and payables are primarily used to account for cash owed between funds that are expected to be repaid within one year or less.

The detail transfer schedule for the year ended September 30, 2021 was as follows:

Transfers from	Transfer to	Amount	Reason for Transfer
General	Capital projects	$ 1,735,791	Cash fund capital projects
	Debt service	244,240	Debt service payments
	Nonmajor governmental	81,223	Reclass eligible costs
Disaster relief	General	585,325	Reimburse public safety expense
Internal service	General	320,400	Reimburse city contribution overpayments
	Water and sewer	39,600	Reimburse city contribution overpayments
Water and sewer	General	1,614,794	Franchise fee payments
Drainage	Capital projects	99,996	Cash fund capital projects
		$ 4,721,369	

The City makes transfers between its funds for several reasons. General and administrative (indirect) costs are allocated between operating funds, such as the General Fund and Water and Sewer Fund, to recover overhead and administrative cost of service performed by one fund for the benefit of another. The amounts transferred represent the net balance due between the funds based on the services provided.

A transfer from the Water and Sewer Fund to the General Fund is made for payment in lieu of franchise fees and represents similar charges paid by electric, gas, and cable and telecommunication franchises for use of City rights-of-way. This fee is calculated as 5% of gross revenues less interest earnings.

Note 12. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The plan is administered by ICMA Retirement Corporation (ICMA) and contributions are voluntary. All amounts of compensation under this plan are placed into investment pools administered by ICMA. The plan, available to all regular employees, permits them to defer until future years up to 100% of compensation, not to exceed $19,500 ($26,000 if over age 50) per year. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The City has amended its deferred compensation plans to conform with the requirements of subsection (g) of IRC Section 457 making all assets and income of the plans to be held in trust for the exclusive benefit of participants and beneficiaries. In accordance with GASB Statement No. 32, the City's Deferred Compensation Plan is no longer included in the financial statements of the City.

Note 13. Tax Abatement

The City of Rowlett enters into economic development agreements designed to promote development and redevelopment within the City, spur economic growth, stimulate commercial activity, generate additional taxes that enhance the property tax base, and provide job opportunities for our citizens. The City's economic development agreements are authorized under Chapter 380 of the Local Government Code; Chapter 311 (Tax Increment Financing Act) and Chapter 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code. Recipients may be eligible to receive incentives based on employment impact, economic impact or community impact as defined in the City's Policy on Economic Development Incentives. The City Economic Development staff also utilizes a third party software program to measure the economic impact of each project. Each economic development incentive agreement includes performance measures that are required for each recipient to meet and clawback/recapture provisions if such measures are not achieved.

The City has three categories of economic development agreements:

- General Economic Development – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property tax received by the City; may result in fee reductions or waivers including building inspection fees or impact fees; or may make lump sum grant payments for new jobs, tenant improvements, grease traps, infrastructure improvements, or other expenses. For fiscal year 2021 the City of Rowlett rebated $709,445 in taxes.

- Tax Abatements – The City does not currently have any active tax abatement agreements but will consider them on a case-by-case basis for future projects.

- Tax Increment Financing – The City of Rowlett has two active Tax Increment Financing zones (TIFs) under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payments to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. For fiscal year 2021 the City of Rowlett reimbursed $445,519 under the TIF agreements.

Note 14. Commitments and Contracts

The City has several long-term agreements with significant commitments as follows:

(a) North Texas Municipal Water District Water Purchase Agreement – The City has a long-term contract with the North Texas Municipal Water District for the purchase of treated water. The original contract for water is dated June 3, 1965, and is for a period of 40 years. An amendatory contract was approved May 3, 1994 to extend the contract for a period of 30 years from the date of this amendment. Over the years, the contract has been amended to provide for additional services as the City has grown. Currently, the City receives water at three take points. For the year ended September 30, 2021, the City contracted for an annual requirement of 3,192,039,000 gallons. The actual amount of water taken was 2,592,423,000 gallons.

(b) City of Garland Sewage Treatment Agreement – The City entered into a contract with the City of Garland for sewage treatment effective April 2, 1991, which was later amended on June 8, 1994. Payments are determined based on actual metered flows into the City of Garland's treatment facility. No minimum payments are required. Rates are reviewed yearly and adjusted under the terms of the contract. It was renewed on June 17, 2021.

(c) Solid Waste Disposal Contract – In June 2017, the City contracted with FCC to provide collection of refuse and recyclable materials within the corporate limits of the City. The initial contract is for a period of seven years beginning October 1, 2017, and the City shall have the option to renew for three 1 year terms. Either party has the right to terminate the contract in writing. Collection rates may be adjusted yearly based upon the terms of the contract. An administrative fee assessed by the City is retained in the Enterprise Fund as a charge for service.

(d) The City is involved in various claims and litigation arising in the ordinary course of operations, none of which, in the opinion of City officials and management, will have complex material effect on the City's financial position.

(e) The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the City, disallowed cash, if any, would not be material.

(f) As discussed in Note 1, Encumbrances, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	$	1,053,782
Capital projects fund		3,822,984
Nonmajor governmental funds		668,989
Total governmental	$	5,545,755

Note 15. New Accounting Pronouncements

Statement No. 87, "Leases." The requirements of this Statement are effective in fiscal year 2022.

Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." The requirements of this Statement are effective in fiscal year 2022.

Statement No. 91, "Conduit Debt Obligations." The requirements of this Statement are effective in fiscal year 2023.

Statement No. 92, "Omnibus 2020." The requirements of this Statement are effective in fiscal year 2022.

Statement No. 93, "Replacement of Interbank Offered Rates." The requirements of this Statement are effective in fiscal year 2022.

Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The requirements of this Statement are effective in fiscal year 2023.

Statement No. 96, "Subscription-Based Information Technology Arrangements." The requirements of this Statement are effective in fiscal year 2023.

Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans- an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32." The requirements of this Statement are effective in fiscal year 2022.

Required
Supplementary Information
(Unaudited)

Rowlett
TEXAS

City of Rowlett, Texas

Schedule of Revenues, Expenditures, and Changes In Fund Balance – Budget (GAAP Basis) and Actual General Fund

For The Fiscal Year Ended September 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	$ 27,715,428	$ 29,107,877	$ 29,027,371	$ (80,506)
Sales	7,000,000	7,000,000	8,089,146	1,089,146
Other	69,000	69,000	98,048	29,048
Franchise fees	2,818,717	2,818,717	2,730,902	(87,815)
Licenses and permits	950,282	950,282	1,553,173	602,891
Charge for services	2,809,465	2,809,465	3,134,186	324,721
Fines and forfeitures	636,417	636,417	561,121	(75,296)
Intergovernmental	332,077	332,077	332,956	879
Interest	175,852	175,852	10,664	(165,188)
Miscellaneous	1,112,087	1,141,753	1,491,141	349,388
Total revenues	43,619,325	45,041,440	47,028,708	1,987,268
EXPENDITURES				
Current operating:				
General government	5,022,035	6,039,616	5,604,482	435,134
Public safety	24,897,208	25,588,182	24,985,020	603,162
Public works	3,196,486	3,143,835	2,878,729	265,106
Culture and recreation	5,695,944	5,577,271	4,921,433	655,838
Community development	3,756,223	3,736,702	3,315,756	420,946
Debt service:				
Principal retirement	639,106	414,686	414,685	1
Interest and fiscal charges	35,297	35,297	35,294	3
Capital outlay	968,232	2,172,348	2,119,622	52,726
Total expenditures	44,210,531	46,707,937	44,275,021	2,432,916
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(591,206)	(1,666,497)	2,753,687	4,420,184
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	2,134,295	2,134,295
Transfers from other funds	1,629,714	2,535,439	2,520,519	(14,920)
Transfers to other funds	(1,880,388)	(2,063,382)	(2,061,254)	2,128
Proceeds from sale of assets	-	-	68,827	68,827
Total other financing sources (uses)	(250,674)	472,057	2,662,387	2,190,330
CHANGE IN FUND BALANCE	(841,880)	(1,194,440)	5,416,074	6,610,514
TOTAL FUND BALANCE, BEGINNING	16,576,891	16,576,891	16,576,891	-
TOTAL FUND BALANCE, ENDING	$ 15,735,011	$ 15,382,451	$ 21,992,965	$ 6,610,514

City of Rowlett, Texas

Texas Municipal Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios

For the Fiscal Year Ended September 30, 2021

	2014*	2015*	2016*
Total pension liability			
Service cost	$ 3,106,700	$ 3,555,319	$ 3,690,762
Interest (on the total pension liability)	6,620,134	7,030,685	7,372,900
Difference in expected and actual experience	(1,127,265)	253,140	71,676
Change in assumptions	-	1,366,618	-
Benefit payments, including refunds of employee contributions	(2,737,302)	(3,180,434)	(3,786,938)
Net change in total pension liability	5,862,267	9,025,328	7,348,400
Total pension liability, beginning of year	94,388,644	100,250,911	109,276,239
Total pension liability, ending of year	$ 100,250,911	$ 109,276,239	$ 116,624,639
Plan fiduciary net position			
Contributions -employer	$ 2,683,946	$ 2,843,382	$ 2,763,065
Contributions -employee	1,398,930	1,524,019	1,557,284
Net investment income	4,970,464	137,446	6,379,417
Benefit payments, including refunds of employee contributions	(2,737,302)	(3,180,434)	(3,786,938)
Administrative expense	(51,890)	(83,712)	(72,034)
Other	(4,266)	(4,134)	(3,881)
Net change in plan fiduciary net position	6,259,882	1,236,567	6,836,913
Plan fiduciary net position - beginning	86,881,077	93,140,959	94,377,526
Plan fiduciary net position - ending	$ 93,140,959	$ 94,377,526	$ 101,214,439
Net pension liability - ending	$ 7,109,952	$ 14,898,713	$ 15,410,200
Plan fiduciary net position as a % of total pension liability	92.91%	86.37%	86.79%
Covered payroll	$ 19,984,712	$ 21,771,702	$ 22,246,910
Net pension liability as a % of covered payroll	35.58%	68.43%	69.27%

* As of December 31 - Measurement Date

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Rowlett, Texas

Texas Municipal Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios - Continued

For the Fiscal Year Ended September 30, 2021

2017*	2018*	2019*	2020*
$ 3,927,237	$ 4,229,958	$ 4,583,856	$ 4,629,830
7,871,621	8,415,681	9,001,835	9,622,787
221,315	557,304	347,501	484,635
-	-	328,627	-
(3,943,302)	(4,279,472)	(5,112,776)	(5,058,278)
8,076,871	8,923,471	9,149,043	9,678,974
116,624,639	124,701,510	133,624,981	142,774,024
$ 124,701,510	$ 133,624,981	$ 142,774,024	$ 152,452,998
$ 3,084,838	$ 3,369,540	$ 3,570,170	$ 3,681,858
1,661,067	1,803,271	1,949,392	1,974,943
14,029,963	(3,474,715)	17,526,632	9,958,930
(3,943,302)	(4,279,472)	(5,112,776)	(5,058,278)
(72,699)	(67,138)	(98,989)	(64,415)
(3,684)	(3,509)	(2,974)	(2,514)
14,756,183	(2,652,023)	17,831,455	10,490,524
101,214,439	115,970,622	113,318,599	131,150,054
$ 115,970,622	$ 113,318,599	$ 131,150,054	$ 141,640,578
$ 8,730,888	$ 20,306,382	$ 11,623,970	$ 10,812,420
93.00%	84.80%	91.86%	92.91%
$ 23,729,529	$ 25,761,010	$ 27,848,458	$ 28,213,467
36.79%	78.83%	41.74%	38.32%

City of Rowlett, Texas
Texas Municipal Retirement System
Schedule of Contributions
For the Fiscal Year Ended September 30, 2021

	2015*	2016*	2017*
Actuarially determined contributions	$ 2,852,497	$ 2,821,242	$ 2,973,731
Actual contributions	(2,852,497)	(2,821,242)	(2,973,731)
Contributions deficiency (excess)	$ -	$ -	$ -
City covered payroll	$ 21,685,946	$ 22,428,002	$ 23,115,523
Ratio of actual contributions to covered payroll amount	13.15%	12.58%	12.86%

* As of September 30 - Fiscal Year

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

Valuation Date Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Method	25 Years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis scale UMP.

Other Information

There were no benefit changes during the year.

City of Rowlett, Texas

Texas Municipal Retirement System
Schedule of Contributions – Continued
For the Fiscal Year Ended September 30, 2021

2018*	2019*	2020*	2021*
$ 3,286,439	$ 3,457,517	$ 3,668,493	$ 3,825,628
(3,286,439)	(3,457,517)	(3,668,493)	(3,825,628)
$ -	$ -	$ -	$ -
$ 25,162,426	$ 26,835,715	$ 28,245,354	$ 29,942,468
13.06%	12.88%	12.99%	12.78%

City of Rowlett, Texas

Other Post-Employment Benefits – Schedule of Changes in Net OPEB Liability and Related Ratios For the Fiscal Year Ended September 30, 2021

Measurement period ending December 31,	2017*	2018*	2019*	2020*
Total OPEB liability				
Service cost	$ 161,071	$ 163,487	$ 189,521	$ 155,448
Interest on the total OPEB liability	235,666	253,200	266,296	245,211
Changes in benefit terms	-	-	-	-
Difference in expected and actual experience	-	(121,085)	(487,619)	9,151
Change in assumptions	-	-	(98,891)	162,080
Benefit payments	(181,655)	(94,699)	(134,502)	(194,773)
Net change in total OPEB liability	215,082	200,903	(265,195)	377,117
Total OPEB liability, beginning of year	3,501,633	3,716,715	3,917,618	3,652,423
Total OPEB liability, ending of year	$ 3,716,715	$ 3,917,618	$ 3,652,423	$ 4,029,540
Plan fiduciary net position				
Employer contributions	$ 219,240	$ 426,005	$ 467,264	$ 421,302
OPEB plan net investment income	45,384	(34,114)	148,253	150,432
Benefit payments	(181,655)	(94,699)	(134,502)	(194,773)
OPEB plan administrative expense	(2,098)	(2,456)	(4,636)	(6,963)
Other	-	-	-	-
Net change in plan fiduciary net position	80,871	294,736	476,379	369,998
Plan fiduciary net position - beginning	348,625	429,496	724,232	1,200,611
Plan fiduciary net position - ending	$ 429,496	$ 724,232	$ 1,200,611	$ 1,570,609
Net OPEB liability - ending	$ 3,287,219	$ 3,193,386	$ 2,451,812	$ 2,458,931
Plan fiduciary net position as a % of total OPEB liability	11.56%	18.49%	32.87%	38.98%
Covered payroll	$ 23,729,529	$ 25,761,010	$ 27,848,458	$ 28,213,467
Net pension liability as a % of covered payroll	13.85%	12.40%	8.80%	8.72%

* As of December 31 - Measurement Date

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of assumptions reflect a change in the Single Discount Rate from 6.75% as of December 31, 2019 to 6.25% as of December 31, 2020.

City of Rowlett, Texas

Other Post-Employment Benefits – Schedule of Contributions

For the Fiscal Year Ended September 30, 2021

	2018*	2019*	2020*	2021*
Actuarially determined contributions	$ 354,221	$ 420,194	$ 426,497	$ 432,894
Actual contributions	(126,473)	(429,293)	(538,938)	(501,019)
Contributions deficiency (excess)	$ 227,748	$ (9,099)	$ (112,441)	$ (68,125)
City covered payroll	$ 25,162,426	$ 26,835,715	$ 28,245,354	$29,942,468
Ratio of actual contributions to covered payroll amount	0.50%	1.60%	1.91%	1.67%

* As of September 30 - Fiscal Year

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

Valuation Date

The actuarially determined contribution for fiscal year ending September 30, 2021 was developed in the December 31, 2017 valuation.

Methods and Assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level percentage of pay
Amortization Period	20 years as of FYE21
Asset Valuation	Market Vaue
Investment Rate of Return	6.75%, net of investment expenses, including inflation
Inflation	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Payroll Growth	1.50%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Healthcare Cost Trend Rates	Pre-65: Initial rate of 7.50% declining to an ultimate rate of 5.00% after 12 years; Pre-65: Ultimate trend rate includes a 0.75% adjustment for the excise tax; Post-65: Initial rate of 6.50% declining to an ultimate rate of 4.25% after 15 years.
Participation Rates	It was assumed that 85% of retirees during the funded period and 10% of retirees after the funded period would choose to receive retiree health care benefits through the City. No employees retiring before the age of 50 were assumed to continue their health coverage through the City.

1. Basis of Budgeting

The Budgetary Comparison Schedule, included in Required Supplemental Schedules, presents a comparison of budgetary data to actual results of operations for the General Fund in which an annual operating budget was legally adopted. This schedule utilizes the same basis of accounting for both budgetary purposes and actual results.

Other Supplementary Information

City of Rowlett, Texas
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended September 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	$ 11,662,895	$ 12,273,264	$ 12,186,358	$ (86,906)
Interest	12,500	12,500	2,885	(9,615)
Total revenues	11,675,395	12,285,764	12,189,243	(96,521)
EXPENDITURES				
Current operating:				
General government	85,000	97,000	99,295	(2,295)
Debt service:				
Principal retirement	8,111,123	8,072,899	8,072,899	-
Interest and fiscal charges	3,787,085	3,825,309	3,823,730	1,579
Total expenditures	11,983,208	11,995,208	11,995,924	(716)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(307,813)	290,556	193,319	(97,237)
OTHER FINANCING SOURCES				
Transfers in	244,240	244,240	244,240	-
Total other financing sources	244,240	244,240	244,240	-
CHANGE IN FUND BALANCES	(63,573)	534,796	437,559	(97,237)
FUND BALANCES, BEGINNING	1,290,986	1,290,986	1,290,986	-
FUND BALANCES, ENDING	$ 1,227,413	$ 1,825,782	$ 1,728,545	$ (97,237)

City of Rowlett, Texas

Description of Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for particular purposes. Individual funds maintained are as follows:

Impact Fees Fund – to account for street impact and park prorata fees on new development. These funds are restricted to capital improvements included in an approved plan, developer refund and/or incentives, and impact fee study expenses.

Police Seizure Fund – to account for funds awarded as a result of court forfeitures of contraband pursuant to the Texas Code of Criminal Procedure. The law provides for a special fund to be established and to be used solely for law enforcement purposes.

Child Safety Fund – to account for funds collected in accordance with Transportation Code Section 502.403 (Optional County Fee for Child Safety) which allows the Dallas County Commissioner's Court to levy a $1.50 fee on all vehicles registered in Dallas County. Starting in fiscal year 2019, the fee is to be shared on a quarterly basis with the municipalities within Dallas County. A municipality with a population less than 850k must use the funds collected under article 102.014(g) of Code of Criminal Procedure for a school crossing guard program.

Jury Fund – A Local Consolidated Fee of $14 is collected on all nonjailable misdemeanor offenses. Ten cents of that fee is collected in the Jury fund and may only be used by the municipality to fund juror reimbursements and otherwise finance jury services.

CVE Fund – Commercial Vehicle Enforcement fund is set up to collect fees from the CVE program to pay for the cost of administering the program that includes salaries, benefits, training, and equipment.

Court Fees Fund – to account for revenue generated on court fines for the purpose of paying salary and benefits for a juvenile case manager, acquiring qualifying technology for the municipal court, and for the purpose of providing security services for the municipal court, as allowed under Article 102 of the Texas Code of Criminal Procedure.

Grant Fund – to account for funds awarded to the City by various federal or state agencies. This fund includes funds granted to the City by the U.S. Department of Housing and Urban Development (HUD) under their community development block grant (CDBG) programs, other public safety grants, and library grants.

TIF Fund – to account for property taxes on improvements in the City's Tax – Increment Financing Reinvestment Zone Number One, Two, and Three. These funds may only be used for capital improvements within the designated zone.

PID Fund – to account for the activity of the Public Improvement District created by the City.

Other Special Revenue Fund – to account for funds received from a tax on the cost of occupancy in hotels and motels within the City limits of Rowlett and revenues received for public access television (PEG fees). The hotel/motel tax funds may only be utilized to promote tourism and the convention and hotel industry. The PEG fees collected may only be utilized for the capital costs of facilities and equipment of public, educational, and government access channels.

City of Rowlett, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2021

	Special Revenue			
	Impact Fees	Police Seizure	Child Safety	Jury Fund
ASSETS				
Cash, cash equivalents and investments	$ 7,620,213	$ 498,415	$ 45,616	$ 223
Receivables (net of allowance for uncollectibles):				
Taxes	-	-	-	-
Accrued interest	2,388	-	20	-
Other	-	-	6,008	-
Due from other governments	-	-	-	-
Prepaid and other items	-	1,661	-	180
Total assets	$ 7,622,601	$ 500,076	$ 51,644	$ 403
LIABILITIES				
Accounts payable	$ -	$ 15,596	$ -	$ -
Accrued liabilities	-	22,321	4,657	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	37,917	4,657	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - other (court fines)	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Nonspendable - Prepaid items	-	1,661	-	180
Restricted for:				
Capital projects	7,622,601	-	-	-
Public safety	-	460,498	46,987	223
Community development	-	-	-	-
Public broadcasting	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	7,622,601	462,159	46,987	403
Total liabilities and fund balances	$ 7,622,601	$ 500,076	$ 51,644	$ 403

Special Revenue						Total
CVE Fund	Court Fees	Grant	TIF	PID	Other	Governmental Funds
$ 92,099	$ 233,940	$ -	$ 142,132	$ 5,518	$ 687,508	$ 9,325,664
-	-	-	2,261	-	31,572	33,833
26	78	-	39	-	218	2,769
-	673	-	-	-	31,931	38,612
-	-	564,946	-	-	-	564,946
-	-	12,705	-	-	1,198	15,744
$ 92,125	$ 234,691	$ 577,651	$ 144,432	$ 5,518	$ 752,427	$ 9,981,568
$ -	$ 119	$ 48,740	$ 382	$ -	$ -	$ 64,837
4,711	6,465	59,225	-	-	-	97,379
-	-	28,101	-	5,518	-	33,619
-	-	441,953	-	-	-	441,953
4,711	6,584	578,019	382	5,518	-	637,788
-	-	452,433	-	-	-	452,433
-	-	-	2,261	-	-	2,261
-	673	-	-	-	-	673
-	673	452,433	2,261	-	-	455,367
-	-	12,705	-	-	1,198	15,744
-	-	-	128,065	-	-	7,750,666
87,414	227,434	-	-	-	-	822,556
-	-	-	13,724	-	77,499	91,223
-	-	-	-	-	673,730	673,730
-	-	(465,506)	-	-	-	(465,506)
87,414	227,434	(452,801)	141,789	-	752,427	8,888,413
$ 92,125	$ 234,691	$ 577,651	$ 144,432	$ 5,518	$ 752,427	$ 9,981,568

City of Rowlett, Texas

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2021

	Special Revenue			
	Impact Fees	Police Seizure	Child Safety	Jury Fund
REVENUES				
Taxes:				
Property taxes	$ -	$ -	$ -	$ -
Other	-	-	-	-
Franchise fees	-	-	-	-
License and permits	1,188,435	-	-	-
Fines and forfeitures	-	147,077	-	488
Intergovernmental	-	-	62,694	-
Interest	3,964	-	36	-
Miscellaneous	-	-	-	-
Total revenues	1,192,399	147,077	62,730	488
EXPENDITURES				
Current operating:				
General government	-	-	-	-
Public safety	-	143,130	89,629	414
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community Development	-	-	-	-
Capital outlay	46,590	14,350	-	-
Total expenditures	46,590	157,480	89,629	414
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,145,809	(10,403)	(26,899)	74
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
NET CHANGE IN FUND BALANCES	1,145,809	(10,403)	(26,899)	74
FUND BALANCES, BEGINNING	6,476,792	472,562	73,886	329
FUND BALANCES, ENDING	$ 7,622,601	$ 462,159	$ 46,987	$ 403

Special Revenue						
CVE Fund	Court Fees	Grant	TIF	PID	Other	Total Governmental Funds
$ -	$ -	$ -	$ 709,045	$ -	$ -	$ 709,045
-	-	-	-	-	117,035	117,035
-	-	-	-	-	130,114	130,114
-	-	-	-	-	-	1,188,435
309,717	72,422	-	-	-	-	529,704
-	-	1,789,490	-	-	-	1,852,184
61	137	-	79	-	333	4,610
-	-	-	16,300	-	-	16,300
309,778	72,559	1,789,490	725,424	-	247,482	4,547,427
-	-	-	649,355	-	131,223	780,578
184,517	153,849	1,556,700	-	-	-	2,128,239
-	-	12,052	-	-	-	12,052
-	-	157,390	-	-	-	157,390
-	-	-	-	-	-	-
94,723	-	94,073	-	-	-	249,736
279,240	153,849	1,820,215	649,355	-	131,223	3,327,995
30,538	(81,290)	(30,725)	76,069	-	116,259	1,219,432
-	81,223	-	-	-	-	81,223
-	81,223	-	-	-	-	81,223
30,538	(67)	(30,725)	76,069	-	116,259	1,300,655
56,876	227,501	(422,076)	65,720	-	636,168	7,587,758
$ 87,414	$ 227,434	$ (452,801)	$ 141,789	$ -	$ 752,427	$ 8,888,413

Rowlett
TEXAS

Statistical Section
(Unaudited)

Rowlett
TEXAS

Statistical Section
(Unaudited)

Tables in the statistical section present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial health of the City.

Tables

Financial Trends
These schedules contain trend information to help the reader understand how financial performance and well-being have changed over time. 1-4

Revenue Capacity
These schedules contain trend information to help the reader access the City's most significant local revenue source, the property tax. 5-9

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 10-14

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 15-16

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 17-19

City of Rowlett, Texas

Net Position by Component (Unaudited)
Last Ten Fiscal Years
(Accrual Basis Of Accounting)

	Fiscal Year			
	2021	2020	2019	2018
Governmental activities:				
Net investment in capital assets	$ 78,581,151	$ 75,468,383	$ 61,372,712	$ 57,007,151
Restricted	11,972,802	11,456,839	5,819,967	5,327,063
Unrestricted	12,200,090	8,314,692	5,234,368	4,509,719
Total governmental activities net position	$ 102,754,043	$ 95,239,914	$ 72,427,047	$ 66,843,933
Business-type activities:				
Net investment in capital assets	$ 94,944,109	$ 94,475,722	$ 75,234,817	$ 75,255,958
Restricted	4,532,998	4,142,581	3,870,795	3,799,689
Unrestricted	25,792,131	21,383,533	20,777,879	13,948,336
Total business-type activities net position	$ 125,269,238	$ 120,001,836	$ 99,883,491	$ 93,003,983
Primary government:				
Net investment in capital assets	$ 173,525,260	$ 169,944,105	$ 136,607,529	$ 132,263,109
Restricted	16,505,800	15,599,420	9,690,762	9,126,752
Unrestricted	37,992,221	29,698,225	26,012,247	18,458,055
Total primary government net position	$ 228,023,281	$ 215,241,750	$ 172,310,538	$ 159,847,916

Source: City of Rowlett - Annual Comprehensive Financial Reports

Table 1

Fiscal Year					
2017	2016	2015	2014	2013	2012
$ 56,614,842	$ 49,737,154	$ 49,251,730	$ 47,572,344	$ 38,863,695	$ 31,916,791
3,371,581	2,814,485	3,427,940	3,385,346	9,137,747	9,171,293
4,926,152	3,122,284	1,526,343	3,796,330	5,469,081	5,462,517
$ 64,912,575	$ 55,673,923	$ 54,206,013	$ 54,754,020	$ 53,470,523	$ 46,550,601
$ 72,739,710	$ 67,798,118	$ 65,405,576	$ 64,531,695	$ 63,171,705	$ 62,576,970
3,734,307	3,841,031	2,392,009	2,093,242	2,197,202	2,327,961
11,050,293	9,414,010	6,802,140	5,415,474	8,162,875	7,460,914
$ 87,524,310	$ 81,053,159	$ 74,599,725	$ 72,040,411	$ 73,531,782	$ 72,365,845
$ 129,354,552	$ 117,535,272	$ 114,657,306	$ 112,104,039	$ 102,035,400	$ 94,493,761
7,105,888	6,655,516	5,819,949	5,478,588	11,334,949	11,499,254
15,976,445	12,536,294	8,328,483	9,211,804	13,631,956	12,923,431
$ 152,436,885	$ 136,727,082	$ 128,805,738	$ 126,794,431	$ 127,002,305	$ 118,916,446

City of Rowlett, Texas

Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(Accrual Basis Of Accounting)

	Fiscal Year			
Expenses	**2021**	**2020**	**2019**	**2018**
Governmental activities:				
General government	$ 7,691,022	$ 7,659,005	$ 5,420,785	$ 4,488,176
Public safety	27,444,563	27,749,819	27,289,033	24,585,595
Public works	17,094,758	13,601,146	13,180,957	12,549,250
Culture and recreation	5,943,141	5,980,810	6,568,110	5,923,484
Community Development	3,221,536	3,230,325	3,501,440	3,263,380
Interest and fiscal charges	3,442,109	3,311,592	2,985,086	2,646,178
Total governmental activities	64,837,129	61,532,697	58,945,411	53,456,063
Business-type activities:				
Water and sewer	29,004,365	29,328,206	29,326,748	28,467,611
Refuse	6,582,191	6,469,157	6,095,125	5,747,436
Drainage	1,589,063	1,725,900	1,676,108	1,674,868
Total business-type activities	37,175,619	37,523,263	37,097,981	35,889,915
Total primary government expenses	$ 102,012,748	$ 99,055,960	$ 96,043,392	$ 89,345,978
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 87,167	$ 87,097	$ 73,326	$ 65,207
Public safety	2,912,906	3,075,507	2,982,871	2,494,684
Public works	2,025,673	1,647,102	1,837,763	2,565,725
Culture and recreation	656,584	284,904	855,995	921,069
Community Development	2,201,792	2,393,835	1,637,391	1,998,492
Operating grants and contributions	2,245,059	5,432,039	1,579,710	543,883
Capital grants and contributions	5,410,366	17,909,654	4,400,205	1,567,932
Total governmental activities program revenues	15,539,547	30,830,138	13,367,261	10,156,992
Business-type activities:				
Charges for services:				
Water and sewer	32,283,237	32,827,177	32,564,897	31,574,148
Refuse	6,600,670	6,414,887	6,040,064	5,728,612
Drainage	1,437,417	1,402,172	1,397,830	1,380,266
Capital grants and contributions	3,762,789	18,328,364	5,084,099	2,952,879
Total business-type activities program revenues	44,084,113	58,972,600	45,086,890	41,635,905
Total primary government revenues	$ 59,623,660	$ 89,802,738	$ 58,454,151	$ 51,792,897
Net (expense)/revenue				
Governmental activities	$ (49,297,582)	$ (30,702,559)	$ (45,578,150)	$ (43,299,071)
Business-type activities	6,908,494	21,449,337	7,988,909	5,745,990
Total primary government net expense	$ (42,389,088)	$ (9,253,222)	$ (37,589,241)	$ (37,553,081)
General Revenue and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	$ 41,951,898	$ 39,124,891	$ 35,818,604	$ 32,851,565
Sales taxes	8,089,146	7,206,313	7,175,368	7,319,051
Other	215,083	99,036	173,416	182,111
Franchise fees	2,867,108	3,018,982	3,178,867	3,188,420
Investment earnings	49,269	1,029,614	1,704,720	583,909
Gain on sale/retirement of capital assets	-	-	-	-
Miscellaneous	1,964,017	1,293,788	1,381,289	2,173,698
Transfers (net)	1,675,190	1,742,802	1,729,000	362,160
Total governmental activities	56,811,711	53,515,426	51,161,264	46,660,914
Business-type activities:				
Investment earnings	18,762	375,999	586,972	169,469
Gain on sale/retirement of capital assets	-	4,255	15,031	14,245
Miscellaneous	15,336	31,556	17,596	16,535
Transfers (net)	(1,675,190)	(1,742,802)	(1,729,000)	(362,160)
Total business-type activities	(1,641,092)	(1,330,992)	(1,109,401)	(161,911)
Total primary government	$ 55,170,619	$ 52,184,434	$ 50,051,863	$ 46,499,003
Changes in Net Position				
Governmental activities	$ 7,514,129	$ 22,812,867	$ 5,583,114	$ 3,361,843
Business-type activities	5,267,402	20,118,345	6,879,508	5,584,079
Total primary government	$ 12,781,531	$ 42,931,212	$ 12,462,622	$ 8,945,922

Source: City of Rowlett - Annual Comprehensive Financial Reports

	2017	2016	2015	2014	2013	2012
	$ 4,009,554	$ 8,661,210	$ 3,812,283	$ 3,743,246	$ 3,079,438	$ 4,274,638
	23,615,382	23,496,850	21,682,963	20,994,087	19,791,298	20,456,358
	10,948,955	10,171,825	12,001,156	12,040,271	11,690,444	13,472,469
	5,689,940	5,517,845	5,210,607	5,152,775	5,100,405	4,975,355
	3,531,966	2,364,074	1,586,203	1,230,969	1,183,670	881,385
	2,313,657	2,312,864	2,731,650	3,407,157	2,848,832	2,888,071
	50,109,454	52,524,668	47,024,862	46,568,505	43,694,087	46,948,276
	24,873,275	25,018,832	22,361,784	23,176,635	21,215,288	20,275,313
	3,997,901	3,835,050	3,782,412	3,986,352	3,640,452	3,316,080
	1,856,605	1,780,188	2,008,406	1,980,987	1,865,797	2,091,605
	30,727,781	30,634,070	28,152,602	29,143,974	26,721,537	25,682,998
	$ 80,837,235	$ 83,158,738	$ 75,177,464	$ 75,712,479	$ 70,415,624	$ 72,631,274
	$ 57,609	$ 27,250	$ 36,452	$ 56,240	$ 90,267	$ 99,370
	2,310,649	2,923,557	2,736,415	2,887,395	3,058,323	3,205,317
	1,018,438	958,097	1,520,964	495,015	341,707	285,290
	1,021,800	925,832	948,832	915,945	958,111	871,538
	2,130,381	1,706,037	1,229,248	977,198	860,925	641,890
	1,135,141	2,035,858	520,843	418,983	817,022	901,055
	7,722,894	1,851,705	1,715,530	3,878,487	6,735,636	6,748,657
	15,396,912	10,428,336	8,708,284	9,629,263	12,861,991	12,753,117
	27,688,606	26,561,193	26,596,651	24,659,862	25,341,837	22,507,769
	5,139,251	4,911,283	4,903,537	5,081,709	4,681,715	4,484,110
	1,356,154	1,320,362	1,337,982	1,331,572	1,328,989	1,300,878
	5,101,806	7,202,846	2,723,019	621,061	938,393	145,204
	39,285,817	39,995,684	35,561,189	31,694,204	32,290,934	28,437,961
	$ 54,682,729	$ 50,424,020	$ 44,269,473	$ 41,323,467	$ 45,152,925	$ 41,191,078
	$ (34,712,542)	$ (42,096,332)	$ (38,316,578)	$ (36,939,242)	$ (30,832,096)	$ (34,195,159)
	8,558,036	9,361,614	7,408,587	2,550,230	5,569,397	2,754,963
	$ (26,154,506)	$ (32,734,718)	$ (30,907,991)	$ (34,389,012)	$ (25,262,699)	$ (31,440,196)
	$ 29,725,260	$ 27,486,731	$ 25,608,764	$ 23,307,395	$ 23,290,763	$ 23,805,465
	6,869,068	6,705,320	5,995,488	5,652,848	5,386,679	4,894,006
	185,868	175,204	146,741	130,138	112,300	48,186
	3,005,412	3,145,738	3,344,410	3,126,943	3,010,969	3,127,383
	236,481	141,019	66,264	57,205	44,492	76,604
	-	-	779,237	-	-	-
	1,447,744	2,556,794	1,229,112	1,582,041	1,458,515	1,248,881
	2,481,361	3,353,436	4,441,008	4,366,169	4,448,300	3,916,368
	43,951,194	43,564,242	41,611,024	38,222,739	37,752,018	37,116,893
	58,485	60,724	71,562	61,476	24,148	53,767
	64,273	371,220	-		-	-
	271,718	13,312	(114,908)	263,092	20,692	97,251
	(2,481,361)	(3,353,436)	(4,441,008)	(4,366,169)	(4,448,300)	(3,916,368)
	(2,086,885)	(2,908,180)	(4,484,354)	(4,041,601)	(4,403,460)	(3,765,350)
	$ 41,864,309	$ 40,656,062	$ 37,126,670	$ 34,181,138	$ 33,348,558	$ 33,351,543
	$ 9,238,652	$ 1,467,910	$ 3,294,446	$ 1,283,497	$ 6,919,922	$ 2,921,734
	6,471,151	6,453,434	2,924,233	(1,491,371)	1,165,937	(1,010,387)
	$ 15,709,803	$ 7,921,344	$ 6,218,679	$ (207,874)	$ 8,085,859	$ 1,911,347

City of Rowlett, Texas

Fund Balances Of Governmental Funds (Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
General fund					
Nonspendable:					
Inventories	$ 61,242	$ 51,425	$ 54,678	$ 51,338	$ 65,823
Prepaid items	71,291	94,868	95,188	98,171	73,499
Restricted for:					
Capital projects	2,134,295	875,267	-	-	48,753
Assigned for:					
Economic development	1,919,990	1,714,094	1,282,294	993,769	803,104
Capital acquisition	2,093	2,093	2,063	2,010	1,987
Unassigned	17,804,054	13,839,144	11,056,756	10,078,849	7,793,076
Total general fund	$ 21,992,965	$ 16,576,891	$ 12,490,979	$ 11,224,137	$ 8,786,242
All other governmental funds					
Nonspendable:					
Inventories	$ 49,571	$ 35,620	$ 38,232	$ 50,452	$ 43,479
Prepaid items	28,583	12,296	12,872	1,700	11,641
Restricted for:					
Debt service	1,715,706	1,280,623	977,804	670,762	548,037
Capital projects	56,628,752	56,846,310	45,736,428	39,785,516	23,777,330
Public safety	822,556	2,876,283	527,577	329,669	425,873
Economic development	91,223	41,216	40,477	42,296	71,121
Public broadcasting	673,730	607,815	498,424	519,351	384,721
Assigned for:					
Capital acquisition	6,930,887	7,868,000	7,392,879	6,515,766	7,485,985
Unassigned	927,984	(422,076)	(86,727)	(145,982)	(310,906)
Total all other governmental funds	$ 67,868,992	$ 69,146,087	$ 55,137,966	$ 47,769,530	$ 32,437,281

Note: The City adopted GASB Statement No. 54 which changed the classification of governmental fund balances to nonspendable, restricted, committed, assigned, and unassigned.

Source: City of Rowlett - Annual Comprehensive Financial Reports

Table 3

Fiscal Year				
2016	**2015**	**2014**	**2013**	**2012**
$ 69,008	$ 87,466	$ 47,986	$ 54,199	$ 146,989
85,300	50,394	55,242	64,737	15,700
90,720	419,332	1,791,258	321,096	280,356
802,739	877,378	302,712	305,589	352,188
16,463	88,910	107,488	364,692	381,605
6,845,704	5,624,402	5,473,122	6,065,516	6,305,245
$ 7,909,934	$ 7,147,882	$ 7,777,808	$ 7,175,829	$ 7,482,083
$ 57,060	$ 84,105	$ 79,515	$ 64,582	$ -
493	9,549	14,336	10,775	1,562
30,018	990,821	478,102	443,330	363,265
16,713,319	13,635,339	6,782,080	5,493,204	1,729,546
457,709	627,877	1,156,528	1,551,418	1,014,867
82,140	12,012	6,934	6,934	20,518
299,470	246,895	124,213	70,402	56,776
4,573,534	2,009,791	-	1,443,519	5,887,781
(485,078)	-	(519,010)	(115,543)	(3,698)
$ 21,728,665	$ 17,616,389	$ 8,122,698	$ 8,968,621	$ 9,070,617

City of Rowlett, Texas

Changes in Fund Balances of Governmental Funds (Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
Revenues					
Taxes	$ 50,227,003	$ 46,423,643	$ 43,100,479	$ 40,338,559	$ 36,836,304
Franchise fees	2,861,016	3,046,127	3,141,369	3,181,008	3,008,801
Licenses and permits	2,741,608	2,337,219	2,120,446	3,012,473	2,180,112
Charges for services	3,971,424	3,659,032	3,849,206	4,033,166	3,553,951
Contributions	-	-	-	-	-
Fines and forfeitures	1,090,825	1,508,947	1,360,702	1,081,907	1,121,136
Intergovernmental	2,756,644	4,983,263	1,815,469	1,689,155	1,583,623
Interest	49,269	1,029,614	1,704,720	583,909	236,481
Miscellaneous	1,964,017	1,293,788	1,381,289	2,173,698	1,447,744
Total revenues	65,661,806	64,281,633	58,473,680	56,093,875	49,968,152
Expenditures					
General government	7,357,675	6,793,204	4,826,345	3,853,494	4,503,017
Public safety	27,113,259	26,061,801	24,487,703	22,545,405	20,747,659
Public works	9,599,886	6,481,591	6,891,163	6,704,659	5,078,766
Culture and recreation	5,078,823	5,028,783	5,498,493	5,108,152	4,819,880
Community development	3,315,756	3,176,257	3,300,535	3,185,585	3,260,438
Debt service:					
Principal	8,487,584	8,282,777	8,152,882	7,714,233	7,271,177
Interest	3,859,024	3,577,675	3,219,234	2,728,161	2,638,549
Other charges	248,923	243,636	213,777	345,280	176,721
Capital outlay	11,415,132	9,670,962	15,269,220	8,973,985	5,156,259
Total expenditures	76,476,062	69,316,686	71,859,352	61,158,954	53,652,466
Excess (deficiency) of revenues over (under) expenditures	(10,814,256)	(5,035,053)	(13,385,672)	(5,065,079)	(3,684,314)
Other Financing Sources/(Uses)					
Capital leases	2,134,295	875,253	-	-	-
Issuance of refunding bonds	-	-	-	-	-
Issuance of bonds	10,010,000	18,185,000	18,285,000	21,055,000	10,930,000
Premiums on bonds issued	704,923	2,313,636	1,630,779	1,014,698	440,012
Payments to refunding bond escrow agent	-	-	-	-	-
Proceeds from sale of assets	68,827	12,395	376,171	32,827	1,417,865
Transfers in	4,681,769	3,575,711	4,354,332	3,990,338	6,289,252
Transfers out	(2,646,579)	(1,832,909)	(2,625,332)	(3,257,640)	(3,807,891)
Total other financing sources/(uses)	14,953,235	23,129,086	22,020,950	22,835,223	15,269,238
Net change in fund balances	$ 4,138,979	$ 18,094,033	$ 8,635,278	$ 17,770,144	$ 11,584,924
Debt service as a percentage of noncapital expenditures	19.0%	28.2%	21.7%	20.3%	20.4%

Source: City of Rowlett - Annual Comprehensive Financial Reports

Fiscal Year				
2016	**2015**	**2014**	**2013**	**2012**
$ 34,354,402	$ 31,785,463	$ 29,122,683	$ 28,773,383	$ 28,781,463
3,150,502	3,352,512	3,131,069	2,991,209	3,094,707
2,222,024	2,467,573	1,144,653	807,860	687,352
3,007,143	2,784,430	2,612,512	2,644,415	2,291,101
-	-	2,112,775	-	-
1,050,809	1,172,498	1,514,717	2,158,683	1,896,301
2,324,036	2,670,203	2,059,376	6,929,459	6,589,471
141,019	66,264	57,205	44,492	76,604
2,556,794	1,256,642	1,591,500	1,423,074	1,208,363
48,806,729	45,555,585	43,346,490	45,772,575	44,625,362
6,625,996	3,581,688	3,420,425	2,641,269	3,003,607
21,328,195	21,164,943	19,719,083	18,619,438	19,159,506
4,145,778	6,532,713	6,652,769	5,936,101	7,599,093
4,717,532	4,619,286	4,413,902	4,282,981	4,175,458
2,154,699	1,584,360	1,227,382	1,128,814	840,833
7,274,521	6,115,861	6,048,669	6,202,352	6,208,605
2,640,705	2,400,844	2,408,591	2,834,256	2,903,106
187,709	376,743	231,474	-	222,800
6,185,708	9,107,057	3,573,867	9,552,274	11,316,999
55,260,843	55,483,495	47,696,162	51,197,485	55,430,007
(6,454,114)	(9,927,910)	(4,349,672)	(5,424,910)	(10,804,645)
165,354	2,141,763	1,959,204	1,130,985	351,152
-	19,392,950	11,135,000	-	14,131,149
6,990,000	11,302,050	-	-	-
810,957	3,506,264	592,013	-	1,383,000
-	(22,661,960)	(13,946,658)	-	(15,416,504)
8,695	669,600	-	-	1,500
5,980,852	6,093,515	6,302,791	5,895,107	5,729,583
(2,627,416)	(1,652,507)	(1,936,622)	(2,009,432)	(1,813,215)
11,328,442	18,791,675	4,105,728	5,016,660	4,366,665
$ 4,874,328	$ 8,863,765	$ (243,944)	$ (408,250)	$ (6,437,980)
20.2%	18.4%	19.2%	21.7%	20.7%

Table 5

City of Rowlett, Texas

General Governmental Tax Revenue by Source (Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis)

Fiscal Year	Property Tax	Sales Tax	Other	Total
2012	23,492,921	4,894,006	103,581	$ 28,490,508
2013	23,274,404	5,386,680	112,300	28,773,384
2014	23,339,695	5,652,848	130,138	29,122,681
2015	25,643,234	5,995,488	146,739	31,785,461
2016	27,473,878	6,705,320	175,204	34,354,402
2017	29,781,368	6,869,068	185,868	36,836,304
2018	32,837,397	7,319,051	182,111	40,338,559
2019	35,751,695	7,175,368	173,416	43,100,479
2020	39,118,294	7,206,313	99,036	46,423,643
2021	41,922,773	8,089,146	215,083	50,227,002

Source: City of Rowlett - Finance Department

Table 6

City of Rowlett, Texas

Assessed Value And Estimated Actual Value
Of Taxable Property (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Estimated Market Value: Real Property	Estimated Market Value: Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
2012	$ 3,407,215,429	$ 171,045,280	$ 406,361,093	$ 3,171,899,616	0.74717
2013	3,373,736,207	176,427,230	425,321,487	3,124,841,950	0.74717
2014	3,383,659,486	176,507,810	443,668,413	3,116,498,883	0.74717
2015	3,565,803,997	185,318,990	465,920,605	3,285,202,382	0.78717
2016	3,846,233,547	185,674,030	444,452,200	3,587,455,377	0.78717
2017	4,304,356,460	194,001,341	563,443,777	3,934,914,024	0.78717
2018	4,805,306,971	192,345,557	613,501,169	4,384,151,359	0.77717
2019	5,451,019,219	193,634,834	716,778,867	4,927,875,186	0.75717
2020	5,895,477,445	202,636,225	685,970,774	5,412,142,896	0.75717
2021	6,095,957,646	200,072,331	704,588,543	5,591,441,434	0.74500

Source: Dallas Central Appraisal District certified totals and Rockwall Central Appraisal District

City of Rowlett, Texas

Property Tax Rates

Direct and Overlapping Governments (Unaudited)

Last Ten Fiscal Years

				Overlapping Rates [1]				
				Dallas County Properties				
	City of Rowlett Direct Rates							
Fiscal Year	General Fund	Debt Service Fund	Total City	Dallas County	Dallas County Hospital District	Dallas County Community College District	Garland Independent School District	Total Direct & Overlapping Rates
2021	0.52469	0.22031	0.74500	0.24974	0.26610	0.12400	1.25630	2.64114
2020	0.53756	0.21961	0.75717	0.25310	0.26950	0.12400	1.39000	2.79377
2019	0.53113	0.22604	0.75717	0.25310	0.27940	0.12400	1.46000	2.87367
2018	0.55119	0.22598	0.77717	0.25310	0.27940	0.12424	1.46000	2.89391
2017	0.55117	0.23600	0.78717	0.25237	0.27940	0.12293	1.46000	2.90187
2016	0.57792	0.20925	0.78717	0.25310	0.28600	0.12365	1.35330	2.80322
2015	0.54977	0.23740	0.78717	0.25310	0.28600	0.12478	1.25330	2.70435
2014	0.50477	0.24240	0.74717	0.25310	0.27600	0.12470	1.25330	2.65427
2013	0.49267	0.25450	0.74717	0.25304	0.27100	0.11938	1.25330	2.64389
2012	0.49083	0.25634	0.74717	0.24310	0.27100	0.09967	1.25330	2.61424

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Rowlett. A typical property tax bill would consist of the City, School District, and County taxes; residents within the City of Rowlett are divided between Dallas and Rockwall counties.

Source: City of Rowlett - Finance Department / Dallas Central Appraisal District certified totals and Rockwall Central Appraisal District Tax rates are applied on each $100 of assessed value and are levied on 100% of assessed value.

Rockwall County Properties		
Rockwall County	Rockwall Independent School District	Total Direct & Overlapping Rates
0.313100	1.31000	2.36810
0.325000	1.35000	2.43217
0.328400	1.43000	2.51557
0.349800	1.44000	2.56697
0.375900	1.46500	2.62807
0.395900	1.44000	2.62307
0.395900	1.46000	2.64307
0.395900	1.46000	2.60307
0.386400	1.47000	2.60357
0.386400	1.47000	2.60357

Table 8

City of Rowlett, Texas

Principal Property Taxpayers (Unaudited)
Current Year and Nine Years Ago

	2021		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
WRIA 2016 3 LP	$ 154,188,850	1	2.76%
Terra Lago Apartments LLC	44,742,200	2	0.80%
HC Harmony Hill LLC	43,346,320	3	0.78%
Harmony Hill Land LLC	42,835,000	4	0.77%
Oncor Electric Delivery	39,608,960	5	0.71%
IC Village of Rowlett LP	36,500,000	6	0.65%
Sapphire Bay Land Holdings LLC	24,959,476	7	0.45%
Walmart Stores Inc	20,799,170	8	0.37%
Rowlett Station Apartments LLP	20,264,080	9	0.36%
Atmos Energy	18,914,050	10	0.34%
	$ 446,158,106		7.98%

Source: Dallas County Tax Office

	2012		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Lake Pointe Medical Center	$ 41,322,840	1	1.32%
Oncor Electric / Texas Utilities	25,206,320	2	0.81%
Wal Mart	20,267,610	3	0.65%
Target Corporation	16,806,880	4	0.54%
Verizon	12,816,740	5	0.41%
NSHE TX Bay City LLC	12,000,000	6	0.38%
Arc LCROWTX001 LLC	9,792,140	7	0.31%
Gemni Rowlett Crossing LP	9,316,310	8	0.30%
Lakeview Parkview	6,900,000	9	0.22%
Safeway Inc	6,788,860	10	0.22%
	$ 161,217,700		5.16%

Source: Dallas County Tax Office

Table 9

City Of Rowlett, Texas

Property Tax Levies and Collections (Unaudited)

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		
		Amount	Percentage of Levy		Total Tax Collections	Accumulated Delinquent Taxes	Percentage of Levy
2012	$ 23,605,280	$ 23,335,522	98.86%	$ 252,779	$ 23,588,301	$ 16,979	99.93%
2013	23,111,624	22,902,665	99.10%	190,516	23,093,181	18,443	99.92%
2014	23,072,444	22,904,595	99.27%	146,895	23,051,490	20,954	99.91%
2015	25,318,845	25,128,168	99.25%	161,410	25,289,578	29,267	99.88%
2016	27,332,380	27,062,463	99.01%	233,221	27,295,684	36,696	99.87%
2017	29,530,076	29,350,720	99.39%	139,037	29,489,757	40,319	99.86%
2018	32,629,060	32,440,060	99.42%	134,816	32,574,876	54,184	99.83%
2019	35,578,007	35,343,132	99.34%	126,568	35,469,700	108,307	99.70%
2020	38,954,744	38,727,968	99.42%	-	38,727,968	226,776	99.42%
2021	41,740,796	41,515,929	99.46%	-	41,515,929	224,867	99.46%

Source: Dallas County Tax Office - jurisdiction reports

City of Rowlett, Texas

Ratios of Outstanding Debt By Type (Unaudited)

Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Capital Leases	Bond Premiums
2012	$ 25,642,298	$ 34,010,000	$ -	$ 2,381,898	$ 1,800,637
2013	22,516,497	31,765,000	-	2,817,990	1,524,918
2014	24,387,041	22,095,000	-	4,063,254	1,797,719
2015	59,613,462	880,000	1,235,000	5,299,215	4,917,122
2016	58,866,953	2,700,000	1,070,000	4,271,557	4,983,517
2017	63,893,994	2,545,000	895,000	3,233,339	4,681,208
2018	76,535,928	2,385,000	2,520,000	2,467,172	4,991,594
2019	88,351,413	2,220,000	1,785,000	1,683,805	5,913,643
2020	99,922,275	2,050,000	995,000	1,850,419	7,464,012
2021	102,844,376	1,875,000	185,000	2,475,337	7,290,832

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City of Rowlett - Finance Department

Table 10

Business-Type Activities							
Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Capital Leases	Bond Premiums	Total Primary Government	Percentage of Personal Income	Per Capita
$ 42,628,851	$ 12,013,851	$ 3,820,000	$ 3,459,450	$ 1,664,396	$ 127,421,381	4.59%	2,207
39,121,751	11,841,752	3,620,000	3,487,159	1,413,348	118,108,415	4.09%	2,035
40,266,479	12,186,480	3,410,000	3,236,256	1,494,713	112,936,942	3.87%	1,931
25,330,000	13,926,538	225,000	3,419,277	2,565,541	117,411,155	3.83%	1,957
23,215,000	12,693,047	-	3,721,764	2,134,112	113,655,950	3.58%	1,887
21,030,000	11,191,006	-	2,773,624	1,733,707	111,976,878	3.40%	1,806
23,830,000	9,629,071	-	1,913,003	1,725,748	125,997,516	3.58%	2,004
26,450,000	8,198,587	-	1,028,678	1,749,647	137,380,773	3.54%	2,073
30,880,000	6,722,725	-	286,388	2,184,657	152,355,476	3.66%	2,263
35,665,000	5,220,624	-	89,634	2,368,345	158,014,148	3.63%	2,347

Table 11

City of Rowlett, Texas

Ratios of Net General Bonded Debt Outstanding (Unaudited)
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds and Certificates of Obligations	Less: Amounts in Debt Service Fund	Net	Percentage Taxable Assessed Value [1]	Per Capita [2]
2012	$ 73,466,786	$ 138,242	$ 73,328,544	2.31%	1,270
2013	67,648,167	249,778	67,398,389	2.16%	1,161
2014	60,466,240	143,808	60,322,432	1.94%	1,032
2015	80,572,122	768,718	79,803,404	2.43%	1,330
2016	80,313,517	-	80,313,517	2.24%	1,333
2017	83,206,208	279,683	82,926,525	2.11%	1,338
2018	96,061,593	350,876	95,710,717	2.18%	1,522
2019	106,468,643	639,362	105,829,281	2.15%	1,597
2020	117,154,012	911,436	116,242,576	2.15%	1,726
2021	117,415,832	1,364,894	116,050,938	2.08%	1,723

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] See Table 6 for property value data.

[2] See Table 15 for population data.

Source: City of Rowlett - Finance Department

Table 12

City of Rowlett, Texas

Computation of Direct and Overlapping Debt (Unaudited)

September 30, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Dallas County Properties:			
Debt repaid with property taxes:			
Dallas County	$ 116,665,000	1.65%	$ 1,924,973
Dallas County Community College District	115,750,000	1.65%	1,909,875
Dallas County Hospital District	575,530,000	1.65%	9,496,245
Dallas County Schools	16,679,652	1.65%	275,214
Garland Independent School District	464,615,000	21.00%	97,569,150
Rockwall County Properties:			
Debt repaid with property taxes:			
Rockwall County	137,950,000	5.89%	8,125,255
Rockwall Independent School District	514,758,572	6.68%	34,385,873
Subtotal, overlapping debt			153,686,585
City of Rowlett, direct debt			114,670,545
Total direct and overlapping debt			$ 268,357,130

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Rowlett. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Source: Debt outstanding and estimated percentage applicable for taxing entities other than the City was obtained from the Municipal Advisory Council of Texas.

City of Rowlett, Texas
Computation of Legal Debt Margin (Unaudited)
September 30, 2021

As a home rule city, the City of Rowlett is not limited by law in the amount of debt it may issue. The City's Charter (Section 6.04) states:

> The City Council shall have the power to levy, for general purposes, an ad valorem tax on real, personal, and mixed property within the territory of the City, not exempt from taxation by the Texas Constitution and the laws of the state, not to exceed a total of one dollar and twenty-five cents ($1.25) per one hundred dollars ($100.00) assessed valuation...

The City Charter (Section 7.01) also states:

> The City shall have the right and power to borrow money for public purposes by whatever method it may deem to be in the public interest. The City shall have the right and power to issue tax bonds, revenue bonds, and any other evidences of indebtedness for permanent public improvements or for any other public purpose not prohibited by law or this Charter...

Article 11, Section 5 of the State of Texas Constitution states in part:

> . . . but no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such City...

The tax rate at September 30, 2021, is $ 0.745000 per $100 of assessed valuation, with assessed valuation being 100% of appraised value.

Source: City of Rowlett - Finance Department

Table 14

City of Rowlett, Texas

Schedule of Revenue Bond Coverage –
Water & Sewer Bonds (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Water and Sewer Charges and Other [2]	Less: Operating Expenses [3]	Net Available Revenue	Debt Service [1]		Coverage
				Principal	Interest	
2012	$ 22,602,722	$ 15,268,474	$ 7,334,248	$ 1,530,750	$ 421,456	3.76
2013	25,357,867	15,469,264	9,888,603	1,435,789	382,656	5.44
2014	24,921,020	16,921,253	7,999,767	1,404,000	416,408	4.39
2015	26,608,183	17,126,482	9,481,701	1,333,158	348,908	5.64
2016	26,572,514	19,045,209	7,527,305	1,289,722	320,797	4.67
2017	27,958,290	18,637,098	9,321,192	1,237,059	293,765	6.09
2018	31,588,402	21,444,429	10,143,973	1,191,500	324,215	6.69
2019	32,580,074	21,977,734	10,602,340	1,322,500	390,859	6.19
2020	32,856,127	21,786,659	11,069,468	1,544,000	427,765	5.61
2021	32,295,881	21,399,304	10,896,577	1,783,250	466,963	4.84

[1] Debt service requirements are the average annual requirements.

[2] Total revenues excluding interest income and including capital recovery fees.

[3] Total expenses excluding depreciation, interest expense, and fiscal charges.

Source: City of Rowlett - Finance Department

Table 15

City of Rowlett, Texas

Demographic and Economic Statistics (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Population [1]	Personal Income [2]	Per Capita Personal Income [2]	School Enrollment [3]	Unemployment Rate [4]	
					Dallas County	Rowlett
2012	57,727	$ 2,774,879,163	48,069	11,215	7.6%	7.2%
2013	58,043	2,889,612,712	49,784	11,065	6.7%	6.1%
2014	58,476	2,917,250,688	49,888	11,050	5.7%	5.5%
2015	60,002	3,063,162,102	51,051	11,101	4.4%	4.0%
2016	60,236	3,175,581,684	52,719	10,696	4.0%	3.7%
2017	61,999	3,291,030,918	53,082	10,564	4.0%	3.7%
2018	62,868	3,520,356,528	55,996	10,368	3.7%	3.5%
2019	66,285	3,880,655,325	58,545	10,235	3.4%	3.3%
2020	67,339	4,159,058,657	61,763	10,064	6.6%	5.8%
2021	67,339 *	4,356,900,639	64,701	9,691	6.4%	5.2%

[1] US Census *2021 Population unavailable at time of document publish

[2] U.S. Department of Commerce: Bureau of Economic Analysis. Per Capita Personal Income represents the Dallas-Plano-Irving, TX Metropolitan Division.

[3] Texas Education Agency Standard Reports - Enrollment. Totals include only students attending schools within City of Rowlett boundaries.

[4] Texas Workforce Commission

Sources: U.S. Cenus, U.S. Department of Commerce, Texas Education Agency, Texas Workforce Commission

Table 16

City of Rowlett, Texas

Principal Employers (Unaudited)
Current Year and Nine Years Ago

	2021				2012		
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Garland ISD (City schools only)	961	1	2.58%	Garland ISD (City schools only)	1,092	1	3.60%
Baylor Scott & White Medical Center	721	2	1.93%	Lake Pointe Medical Center	686	2	2.26%
City of Rowlett	521	3	1.40%	City of Rowlett	371	3	1.22%
Wal-mart Supercenter	358	4	0.96%	Target Corporation	275	4	0.91%
DR Horton	265	5	0.71%	Wal-mart Supercenter	250	5	0.82%
Super Target	200	6	0.54%	Senior Care at Lake Pointe	190	7	0.63%
The Home Depot	189	7	0.51%	Albertson's, Inc.	120	6	0.40%
Tom Thumb	147	8	0.39%	Rowlett Nursing Home	119	8	0.39%
Berry Family Services, Inc.	137	9	0.37%	H & S Manufacturing	82	9	0.27%
Senior Care at Lake Pointe	130	10	0.35%	Store Décor	73	10	0.24%
	3,629		9.74%		3,258		10.73%

Source: City of Rowlett - Economic Development Department and 2012 CAFR

City of Rowlett, Texas

Full Time Equivalent Employees by Function/Fund (Unaudited)

Last Ten Fiscal Years

Function/Program	Fiscal Year 2021	2020	2019	2018	2017	2016
General government:						
City council	3.50	3.50	4.20	3.50	3.50	3.50
City manager	6.00	8.00	7.50	7.00	6.00	6.00
City secretary	4.00	4.00	4.00	4.00	3.50	3.50
Financial services	20.50	19.00	18.50	21.50	20.50	24.50
Information technology	7.50	7.00	6.00	7.00	7.00	7.00
Human resources	6.00	6.00	6.00	6.00	6.00	5.50
Buildings and grounds	8.00	8.00	7.00	7.00	7.00	7.00
Public safety:						
Police	134.75	131.25	120.75	116.25	116.25	115.25
Fire	100.00	89.00	88.00	79.00	79.00	79.00
Municipal court	11.52	11.52	12.00	7.00	7.00	6.00
Animal services	6.00	6.00	6.00	6.00	6.00	6.00
Environmental services	9.00	9.00	9.00	9.00	9.00	7.00
Public works:						
Administration and engineering	14.00	13.50	13.50	13.25	14.00	14.00
Streets	11.00	15.00	15.00	15.00	15.00	15.00
Fleet services	3.00	3.00	3.00	3.00	3.00	3.00
Water and sewer	35.00	35.00	35.00	28.00	28.00	24.00
Drainage	2.00	2.00	2.00	2.00	2.00	2.00
Refuse	1.00	1.00	1.00	1.00	0.50	0.50
Culture and recreation:						
Parks administration	3.00	3.00	3.00	3.00	3.00	3.00
Parks operations	21.00	20.00	19.00	18.00	18.00	18.00
Community centre	11.80	11.80	11.80	11.80	11.30	11.30
Wet zone	21.70	21.70	21.70	20.70	20.70	20.70
Library services	14.50	15.50	15.25	15.25	15.25	15.00
Development:						
Planning	8.50	6.50	6.50	10.00	10.00	10.00
Building inspections	12.50	13.00	13.00	10.75	10.00	11.00
GIS	2.00	2.00	2.00	2.00	1.00	1.00
Economic development	3.50	3.00	3.00	3.00	3.00	3.00
Total	481.27	468.27	453.70	430.00	425.50	421.75
Fund						
General	430.27	417.27	415.70	382.00	379.00	379.75
Water and sewer	48.00	48.00	35.00	45.00	44.00	40.00
Drainage	2.00	2.00	2.00	2.00	2.00	2.00
Refuse	1.00	1.00	1.00	1.00	0.50	0.50
Wet zone	n/a	n/a	n/a	n/a	n/a	n/a
Fleet services	n/a	n/a	n/a	n/a	n/a	n/a
Information technology	n/a	n/a	n/a	n/a	n/a	n/a
Total	481.27	468.27	453.70	430.00	425.50	422.25

Source: City of Rowlett - Finance Department Budget Book

Fiscal Year			
2015	**2014**	**2013**	**2012**
3.50	3.50	3.50	3.50
7.00	5.00	5.00	5.00
3.50	3.50	3.50	3.50
22.50	22.00	20.00	20.00
7.00	5.00	5.00	5.00
5.50	5.00	3.00	3.00
7.00	7.00	7.00	7.00
114.25	110.00	110.00	110.00
78.50	77.00	77.00	76.00
6.50	7.00	7.00	7.50
5.50	6.00	5.25	5.25
6.00	6.00	6.00	6.00
11.00	12.25	11.50	10.50
13.00	13.00	14.00	14.00
3.00	3.00	3.00	3.00
20.00	20.00	19.00	20.00
2.00	2.00	2.00	2.00
0.50	-	-	-
3.00	2.00	2.00	2.00
16.00	12.00	12.00	12.00
11.05	10.30	10.30	10.00
20.70	20.70	20.70	21.00
16.00	16.00	17.00	17.00
9.00	4.25	4.00	4.00
9.00	2.50	1.00	1.00
1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00
404.00	378.00	371.75	371.25
367.00	341.50	335.25	334.75
35.00	34.50	34.50	34.50
2.00	2.00	2.00	2.00
0.50	-	-	-
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
404.50	378.00	371.75	371.25

City of Rowlett, Texas

Operating Indicators By Function/Program (Unaudited)

Last Ten Fiscal Years

Function/Program	Fiscal Year 2021	2020	2019	2018	2017	2016
Public safety:						
Number of police employees	135	131	120	116	116	115
Number of citations	5,900	7,682	8,894	7,895	7,903	7,828
Number of fire employees	100	89	88	79	79	79
Number of fire calls	2,309	1,726	1,865	1,842	1,676	2,332
Number of EMS calls	4,688	4,012	3,736	3,717	5,095	3,333
Fire inspections	589	846	1,479	896	958	1,247
Public works:						
Asphalt replaced (tons)	640	480	-	9,350	4,480	4,894
Concrete placed (cubic yards)	6,141	10,252	20,597	12,970	2,704	1,476
Concrete pavement (sq ft)	210,874	419,400	842,589	530,606	110,619	60,368
Culture and recreation:						
Volumes in collection	76,857	77,636	77,211	74,816	81,083	78,518
Development:						
Permits issued	392	884	265	262	189	285
Water and sewer:						
Number of water customers	21,386	20,642	20,715	20,416	20,338	19,920
Average daily water consumption	7,261,488	6,307,057	6,199,263	5,992,052	6,926,000	6,622,000
Peak daily water consumption	15,508,000	17,111,000	13,089,000	15,576,000	14,375,000	18,134,000
Number of sewer customers	20,220	19,800	19,612	19,436	19,286	18,947
Average daily sewer usage	4,270,734	4,270,005	4,503,134	5,000,000	5,058,000	5,437,100

Source: City of Rowlett Departments

2015	2014	2013	2012
111	116	110	110
11,684	12,657	10,241	10,870
79	78	77	78
2,520	1,603	1,316	1,245
3,046	2,900	2,758	2,354
916	1,586	622	1,153
1,437	11,335	5,136	10,504
926	3,688	387	5,465
857	150,888	141,049	223,551
88,774	93,061	99,945	93,972
183	119	78	87
19,786	19,201	20,178	19,383
6,409,000	8,444,000	6,505,457	6,959,891
22,907,000	12,396,000	15,803,000	20,270,000
18,734	18,657	18,469	18,383
4,216,000	3,893,000	3,664,614	4,121,000

City of Rowlett, Texas

Capital Asset Statistics by Function/Program (Unaudited)

Last Ten Fiscal Years

Function/Program	Fiscal Year 2021	2020	2019	2018	2017	2016
Public safety:						
Police stations	1	1	1	1	1	1
Marked police units	42	47	37	37	53	39
Fire stations	4	4	4	4	4	4
Public works:						
Miles of streets	524	516	507	531	531	551
Miles of alleys	107	105	105	105	105	105
Culture and recreation:						
Parks acreage - developed	371	371	371	371	609	608
Parks acreage - undeveloped	314	314	314	314	374	375
Libraries	1	1	1	1	1	1
Water and sewer:						
Water mains (miles)	304	254	272	270	270	262
Fire hydrants	2,460	2,126	2,119	3,050	3,050	3,020
Sewer mains (miles)	266	232	250	250	250	244

Source: City of Rowlett departments

Table 19

Fiscal Year			
2015	**2014**	**2013**	**2012**
1	1	1	1
23	22	24	25
4	4	4	4
378	466	466	531
105	105	105	105
608	608	620	608
376	376	364	377
1	1	1	1
259	256	225	254
3,003	3,003	2,097	2,093
244	241	240	239

Rowlett
TEXAS

Single Audit Reports

Rowlett
TEXAS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and Members of City Council
City of Rowlett, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rowlett, Texas (the City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 4, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Honorable Mayor and Members of City Council
City of Rowlett, Texas

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 4, 2022

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Honorable Mayor and Members of City Council
City of Rowlett, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Rowlett, Texas' (the City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Honorable Mayor and Members of City Council
City of Rowlett, Texas

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 4, 2022

City of Rowlett, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures	Subrecipients
U.S. Department of Homeland Security, Federal Emergency Management Agency				
Direct Programs:				
2021 Winter Storm Recovery Assistance	97.036	N/A	$ 57,825	-
2017 SAFER Grant	97.083	EMW-2017-FH-00209	366,210	-
2019 SAFER Grant	97.083	EMW-2019-FF-01761	633,170	-
Total Assistance Listing Number 97.083			999,380	-
Passed through the Texas Office of the Governor:				
2020 SHSP SWAT Equipment Enhancement	97.067	3981601	50,769	-
2020 SHSP PWERT Cache Enhancement 1	97.067	4000801	56,174	-
Total Assistance Listing Number 97.067			106,943	-
Passed through the Texas Division of Emergency Management (TDEM):				
2021 Emergency Management Performance (EMPG)	97.042	21TX-EMPG-0021	29,000	-
2017 City of Rowlett Residential Safe Room Program	97.039	DR-4255-012	3,000	-
Total U.S. Department of Homeland Security, Federal Emergency Management Agency			1,196,148	-
U.S. Department of Treasury				
Direct Programs:				
Department of Justice Equitable Sharing Program	21.016	N/A	132,622	-
COVID-19 - American Rescue Plan Act	21.027	N/A	418	-
Total U.S. Department of Treasury			133,040	-
U.S. Department of Justice				
Direct Programs:				
Department of Justice Equitable Sharing Program	16.922	N/A	28,325	-
Organized Crime Drug Enforcement Task Force	16.UNK	N/A	20,867	-
Bureau of Justice Assistance Bulletproof Vest Partnership	16.607	N/A	5,561	-
Passed through the Texas Office of the Governor:				
COVID-19 - Coronavirus Emergency Supplemental Funding (CESF)	16.034	N/A	66,359	-
Total U.S. Department of Justice			121,112	-
U.S. Department of Housing and Urban Development				
Passed through Dallas County:				
Community Development Block Grant	14.218	B-18-MC-48-0047	190	-
Community Development Block Grant	14.218	B-19-MC-48-0047	45,400	-
Community Development Block Grant	14.218	B-20-MC-48-0047	47,485	-
COVID-19 - Community Development Block Grant-CV - CARES Act Formula Grant	14.218	B-20-MW-48-0047	64,732	42,851
Total Assistance Listing Number 14.218			157,807	42,851
Total U.S. Department of Housing and Urban Development			157,807	42,851
U.S. Department of Health and Human Services				
Direct Programs:				
COVID-19 - Coronavirus Provider Relief Fund Stimulus	93.498	N/A	23,534	-
Total U.S. Department of Health and Human Services			23,534	-
Institute of Museum and Library Services				
Passed through Texas State Library and Archives Commission:				
Interlibrary Loan Program	45.310	LS-00-18-0044-18	2,525	-
COVID-19 - TSLAC CARES	45.310	LS-246561-OLS-20	4,335	-
Total Assistance Listing Number 45.310			6,860	-
Total Institute of Museum and Library Services			6,860	-
Total Federal Assistance			$ 1,638,501	$ 42,851

See accompanying notes to schedule of expenditures of federal awards.

City of Rowlett, Texas

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

1. General

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards of the City of Rowlett, Texas (the City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the respective schedule.

2. Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

3. Indirect Cost Rate

The City has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Rowlett, Texas

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Section I. Summary of Auditor's Results:

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weakness? _____ Yes __X__ None reported

Noncompliance material to financial statements noted? _____ Yes __X__ No

Federal Awards

An unmodified opinion was issued on compliance for major programs.

Internal control over major programs:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(ies) identified that are not considered a material weakness? _____ Yes __X__ None reported

Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes __X__ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
97.083	SAFER Grant

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as a low risk auditee? __X__ Yes _____ No

Section 2. Financial Statement Findings

None

Section 3. Federal Award Findings and Questioned Costs

None

Section 4. Schedule of Prior Audit Findings and Questioned Costs

None